

**Bureau of Household Goods and Services (Bureau or BHGS)
Advisory Council Meeting Minutes
In-Person and Teleconference Meeting
May 16, 2024**

Bureau of Household Goods and Services
4244 South Market Court, Suite D, Conference Room A
Sacramento, CA 95834

Attendees:

Advisory Council Members:

Pascal Benyamini, Public
Burt Grimes, Industry
Tom Keepers, Industry
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, Enforcement Chief
Jacob Egger, Lab Manager
Joanne Van, Content Manager
Eileen Yap, Policy Manager
Travis Cooke, Supervising Special Investigator
Raleigh Jacobe, Supervising Special Investigator

Others:

Korrina Moreno, DCA Board and Bureau Relations
Jason Piccione, Deputy Director, Chief Information
Officer, DCA
Helen Geoffroy, DCA Legal
Andrew Trute, DCA Budgets
Suzanne Balkis, DCA Budgets
Tom Dykstra, Chair Business and Institutional
Furniture Manufacturer's Association Subcommittee

1. Welcome, Introductions, and Roll Call:

Bureau Chief Justin Paddock began the meeting and took roll call. All council members were in attendance.

2. Public Comment on Items Not on the Agenda

There was none.

3. **Update from Korrina Moreno, Board and Bureau Relations, Department of Consumer Affairs**

Korrina Moreno, from the Department of Consumer Affairs (DCA) Board and Bureau Relations, provided an update from DCA.

Ms. Morreno noted that DCA honored more than 3,000 board and bureau employees during public service recognition week; she encouraged the Bureau to be vigilant in response to an alert where scammers pretend to be a regulatory agency to gather information from licensees; noted that the DCA Diversity, Equity, and Inclusion Steering Committee held its quarterly meeting where they discussed the member application process, expanding language access, and DEI related trainings available on the Learning Management System; shared information about two Facebook live outreach events hosted by the Consulate of Mexico's Sacramento and Fresno offices; and reminded advisory council members to complete all board member orientation training.

4. **Business Modernization Update from Jason Piccione, Deputy Director, Chief Information Officer, Department of Consumer Affairs**

Mr. Piccione began his update on the Bureau's business modernization project by crediting Bureau staff and leadership for their work on this project.

Mr. Piccione announced that the TMIS database for the household movers program was retired in December 2023 and all the data successfully converted into the new Connect system.

Mr. Piccione also announced the successful launch of the online submission of HHM quarterly reports via Connect. The process is entirely automated if licensees pay with a credit card; those paying with a check must print a report summary and mail that to the Bureau, along with their payment. He added that Bureau staff created guides to assist licensees.

Mr. Piccione stated that he is seeking a "happy path" for licensees and staff – where a licensee submits the report online, pays with a credit card, and there's no additional work for staff. He estimates that is currently the case about 50 percent of the time.

Councilmember Comment: Mr. Weitekamp opened a discussion about the "happy path" and asked what is involved in meeting that threshold and what happens if a licensee is off the "happy path."

Mr. Piccione clarified that the "happy path" occurs when there is no manual staff intervention in the process. Deputy Chief Goldstene added that the "happy path" describes a successful experience for both staff as well as users. She explained

that from a user perspective the new online system is streamlined but that those subject to additional taxes staff intervention is required. Chief Paddock added that to be on the “happy path” means the system works for everyone.

Mr. Piccione continued his presentation by announcing that all “doing business as” names, or DBA’s” have been added to the HHM license search function, ahead of schedule. He also noted that there are additional elements that need to be built out, including notifications for key upcoming dates, suspension protocol, email notification improvements, and application-related items. Mr. Piccione said he is committed to improving the experience for applicants, licensees, and staff.

Councilmember Comment: Mr. Weitekamp brought up the transfer from the old database and asked about steps to remove erroneous information on the license look-up, such as out-of-date businesses, and specifically asked about removing businesses that have been inactive for over a year so as not to confuse the public.

Chief Paddock responded this is on the list of things to do, but he noted that business information should remain until the statute of limitations is reached for a consumer to file a complaint. He agreed that information about why a business license was cancelled should be made clearer for consumers. He also added that information about license revocation will remain on the website.

Councilmember Comment: Mr. Grimes asked when online transactions will be available for the Home Furnishings and Thermal Insulation program.

Chief Paddock answered that it is on the schedule for 2024, but there is no definite deadline. Mr. Piccione added that he expects there to some online presence by the end of the calendar year, but the specifics are still to be determined. Ms. Goldstene said that the experience with HHM has changed the Bureau’s timeframe on other aspects of the project and also stated they want to make sure the processes work for both users and staff before launching.

Councilmember Comment: Mr. Grimes asked if the Bureau could piggyback anything from HHM for the HFTI program.

Ms. Goldstene answered that is the goal. She added that because these are simpler applications the online transition should also be simpler.

Councilmember Comment: Mr. Weitekamp cautioned the Bureau to be mindful, when contacting licensees about registering with Connect, that regulators don’t typically call movers, scammers do.

Chief Paddock stated that former compliance analyst, Inga Hammond, was invaluable in helping with this and that the Bureau did receive a significant number of calls from movers about linking their account.

5. Fiscal Update

a. Fund Merger

Chief Paddock began by noting that there was an oversight in the budget material in the meeting and that updated information will be posted to the Bureau website.

DCA budget analyst Andrew Trute presented the Bureau's fund conditions, based on the 2024 governor's budget. He reported that the EAR fund currently has about 7.6 months in reserve; the HFTI fund about 14.4 months in reserve, and the HHM fund about 31.4 months in reserve.

Mr. Trute announced that on July 1, 2024, the three funds will merge into a single fund, with a fund balance of approximately 8 months in reserve. Ms. Balkis added that a small balance will remain in each of the three individual funds for three years, in case a purchase order needs to be paid.

Councilmember Comment: Mr. Weitekamp asked why the months in reserve are higher when the programs are independent compared to when they are combined into a single fund.

Chief Paddock answered that it is because the projections for the combined fund only projected one year and the projections for the separate funds included multiple years.

Councilmember Comment: Mr. Grimes pointed out that the combined total of the three separate funds does not equal the amount in the single fund.

Ms. Balkis explained that's because there is money remaining in each of the three separate funds. Chief Paddock added that money will remain in those accounts for three years to pay any outstanding expenses related to these accounts.

Councilmember Comment: Mr. Keepers said that he appreciated how the Bureau simplified the presentation of budget numbers and showed changes over time.

Councilmember Comment: Mr. Grimes asked that a summary of both each separate fund and the combined funds showing any adjustments be included in the next advisory council packet.

Chief Paddock answered that there will still be a section showing the balances for the old funds. Ms. Balkis added that the Budget Office will present on all four funds for the next council meeting.

Chief Paddock informed the councilmembers that the budget projections will continue to be higher than actual spending because the Bureau is complying with

various budget cuts and revisions.

Councilmember Comment: Mr. Keepers asked about the increase in expenses for the EAR fund and if it that is expected to continue.

Chief Paddock said this is because of cost-of-living increases for staff. He added that in about two years he expected a conversation about the license fees for service contract administrators, which are currently low. He also added that the Bureau will conduct an internal audit in about two years to see how much staff time is dedicated to each program to determine if fees are at the appropriate levels.

6. Review October 12, 2023, Advisory Council Meeting Minutes

Councilmember Comment: Mr. Benyamini pointed out that his name is misspelled in the minutes.

Chief Paddock apologized and said that the Bureau will make the change.

7. Administrative Program Update

Administrative Manager Kelli Williams provided an update on the Bureau's staffing.

Ms. Williams announced that from January 2023 to May 2024, the Bureau filled 37 positions and that the Bureau vacancy rate is now 10 percent, with seven recruitments in progress.

Ms. Williams provided a synopsis of the positions filled since the October 2023 Advisory Council meeting, which includes two positions in the Licensing unit, two positions in the Laboratory unit, 12 positions in the Enforcement division, one position in the Policy unit, and one position for education and outreach. Ms. Williams also announced that with these hirings, the Bureau now has a fully staffed management team.

Ms. Williams reviewed the Bureau's attrition rate, which includes eight internal promotions, five retirements, three lateral transfers to a different state agency, and three staff promotions to a different state agency.

Lastly, Ms. Williams discussed some of the Bureau's efforts to promote employee engagement by sharing information with staff through a monthly newsletter, regular all-staff meetings, new staff orientations, increased collaboration among units, and Bureau-wide potlucks.

Councilmember Comment: Mr. Weitekamp asked if it was possible to get a revised organization chart.

Chief Paddock answered that he would provide one, but would redact staff names and position numbers.

a. Review Updates to Member Orientation and Reference Manual

Chief Paddock announced alterations to the councilmembers' term limits from two years to four years, a change reflected in the updated Member Orientation and Reference Manual.

Chief Paddock added that there is also now sterner language in the manual related to required trainings for advisory council members, particularly the board member orientation training and form 700. He also noted that the updated manual is on the Bureau website.

8. Licensing Program Update

Licensing Manager Jacqueline Castro provided an update on the Bureau's Licensing unit. She noted that the statistics provided now include two years of data to better identify trends across all three programs.

Ms. Castro noted small decreases in license registrations in the third quarter for the EAR and HFTI programs, and a decrease in the number of new HHM permits issued because of unexpected issues with the new online Connect system.

Ms. Castro explained that the lack of information for total active permits in December 2023 is because the Bureau was converting data from TMIS to Connect. She added that the Bureau is working with DCA to see if these numbers can be pulled.

Ms. Castro announced an increase in total active permits and said that 52 permits have now been issued through Connect. She also shared that staff have processed all 2023 fourth quarter reports and that delinquent fees for that quarter were waived.

Ms. Castro reviewed the application processing times for EAR, HFTI and HHM and concluded by noting that the Licensing unit is now fully staffed and thanking the Bureau's administrative team.

Councilmember Comment: Mr. Weitekamp commented that he is very pleased with the support Bureau staff have offered movers through the transition to Connect and noted his appreciation for the responsive of Bureau staff.

9. Laboratory Update

Lab Manager Jake Egger began the update on the Bureau's laboratory by announcing that the Lab's vacancy rate is no longer at 35 percent after the hiring of both a lab analyst and an environmental scientist.

Mr. Egger reported that the Bureau is up-to-date on all contracts for accreditation, gas vendors, calibrations laboratories, contracted testing laboratories, and laboratory consumables. He thanked Bureau contract and procurement liaison Sue Robinson for her help.

Mr. Egger announced that the 2024 thermal insulation directory was posted online in January and that the next directory update will be in July 2024.

Mr. Egger noted that Bureau staff virtually attended the International Association of Bedding and Furniture Labeling Officials (IABFLO) meeting in April and that Chief Paddock was voted IABFLO president at the meeting. The next annual meeting will be in San Diego in April 2025.

Lastly, Mr. Egger said that through collaboration with the Bureau's Enforcement and Policy units, staff have been redefining the Bureau's actions when there is a lab failure. He also mentioned that staff will be meeting with the Department of Toxic Substances Control to learn about their model for pulling online samples.

**a. Implementation of AB 1059 (Friedman, 2023) – Product Safety:
Consumer Products: Fiberglass**

Mr. Egger announced that AB 1059 passed in October 2023 and will become effective January 2027.

He explained that the bill prohibits a person from manufacturing, selling, offering, or distributing in commerce in the state any new, not previously owned juvenile product, mattress, or upholstered furniture that contains textile fiberglass. The bill also prohibits a custom upholsterer from repairing, reupholstering, recovering, restoring, or renewing any mattress, juvenile product, upholstered furniture, or reupholstered furniture using a replacement component that contains, textile fiberglass.

Next, Mr. Egger reviewed statistics on Technical Bulletin 117-2013 and 16 CFR 1633. Mr. Egger said that Bureau staff plans to reassess mattress sampling and compliance to pursue more targeted samples.

Mr. Egger announced that the Lab will begin to shift its focus to mattresses and thermal insulation. He then reviewed statistics on thermal insulation and bedding, flame retardant chemical statement analysis, and samples analyzed by DTSC.

Lastly, Mr. Egger reviewed law label violations and discussed work to update the relevant regulations, which includes possible fillable label forms and guidance for all label requirements to help reduce unnecessary errors.

Chief Paddock mentioned that Northern California Supervising Special Investigator Travis Cooke spoke with the Division of Investigations about stings and during these conversations learned about a tool to make online purchases.

Councilmember Comment: Mr. Benyamini thanked Mr. Egger for his presentation and requested that examples of both compliant law labels and those with errors be posted on the Bureau's website with a frequently asked document or to see such material at the November council meeting.

Chief Paddock responded that agenda item 12b, on proposed updates to the law label regulation, may address his concerns.

Public Comment: Tom Dykstra, a furniture manufacturer and chair of the Business and Institutional Furniture Manufacturer's Association subcommittee, inquired about the SB 1019 label. He stated there is a direct conflict over the inclusion of flame-retardant chemicals with AB 2998 and wanted to know if work is being done to resolve this conflict.

Chief Paddock stated that there is no regulatory change the Bureau can make to resolve the issue and he would be happy to explain the process for how to pursue the needed statutory change with the legislature. Mr. Paddock also asked Mr. Dykstra to request any guidance he may need from the Bureau.

10. Enforcement Update

Enforcement Chief Alda Aguirre began her update by noting that on June 2, 2024, the Bureau will adjust the boundaries that the Southern and Northern investigative team's cover – the northern team will cover counties north of Kern County and along the coast down to Ventura and Northern Los Angeles County, while the southern team will cover the rest of the state.

Ms. Aguirre then introduced Travis Cooke, the new Supervising Special Investigator for the northern team, and Raleigh Jacobe, the new Supervising Special Investigator for the southern team. Mr. Cooke and Mr. Jacobe spoke briefly about their backgrounds.

Next, Ms. Aguirre provided a staffing update for the Enforcement division and reviewed investigative highlights, including four referrals to the Attorney General for revocation.

Ms. Aguirre announced that Special Investigator Kirsten Andreassend has worked to start a taskforce in central California with the Better Business Bureau (BBB) and other agencies to share information about cases, strategies, and discuss trends. Ms. Aguirre noted that the BBB has shared information with the Bureau about ownership information that assists with investigations.

Ms. Aguirre stated that Bureau investigators participated in a workshop presented by Mr. Weitekamp, where he shared information about trends in the moving industry. She also noted that the Bureau is resetting its relationship with the Federal Motor Carrier Safety Administration (FMCSA) and creating procedures to address interstate moving violations.

Ms. Aguirre discussed enforcement sweep operations and announced that the Bureau has begun planning an undercover sting operation focused on the moving industry.

Ms. Aguirre discussed cease letters for businesses not licensed with the Bureau and noted that the Bureau wants to provide businesses an opportunity to comply with Bureau regulations before sending a citation. She also explained that fewer cease letters are sent to HFTI businesses because there are more storefronts, which allows investigators to visit and educate owners about the need to get licensed.

Next, Ms. Aguirre announced a savings of \$66,825 to the public in the EAR and HFTI programs and noted that such numbers are not yet available for HHM, since there is no database.

Councilmember Comment: Mr. Weitekamp asked why revocation is handled by the attorney general's office and not in-house.

Ms. Aguirre answered that the attorney general handles the legal process and that Bureau staff work jointly with them. Chief Paddock added that the Bureau has in-house council and regulatory council through DCA but that the attorney general acts as the Bureau's prosecuting attorney. He also noted that councilmembers will see the cost of attorney general fees increase as the Bureau pursues more license revocations.

Ms. Geoffroy explained that she advises the Director of DCA on decisions related to licensing but cannot take part in the enforcement process to ensure that she can provide unbiased advice. As a result, the attorney general becomes the Bureau's council of record on enforcement and prosecution.

Councilmember Comment: Mr. Weitekamp explained that he had asked because the Public Utilities Commission license revocation hearings were publicly noticed events asked if the Bureau's hearings could also be publicly noticed. He also noted that publicizing these decisions is a very strong enforcement tool.

Chief Paddock replied that nothing prevents the Bureau from publicly noticing a license revocation hearing and noted that Ms. Aguirre is working with DCA's IT

department to ensure that filed accusations appear on the license look-up record and that work is also being done to update the Bureau's website to show accusations and decisions. Ms. Geoffroy added that public meetings are posted on the website of the office of administrative law.

Councilmember Comment: Mr. Weitekamp asked about a case from March 2024 regarding a damage claim of \$150 where deficiencies were discovered that resulted in a mediated settlement of \$750. He expressed concerns about the claim settlement and whether the settlement was outside the scope of enforcement.

Ms. Aguirre responded that mediating resolutions between consumers and businesses if they're unable to come to an agreement is one way the Bureau helps consumers, in addition to providing outreach and education. She also stated if staff discover deficiencies during this process the Bureau addresses them through either outreach or a citation.

Chief Paddock added that cooperation on the part of the business is taken into consideration when determining whether to issue a citation and if the business resolves the problem staff will take that into account when reviewing the violation.

Councilmember Comment: Mr. Weitekamp encouraged the Bureau to maintain its own policies rather than relying too heavily on FMSCA, because he believes the Bureau's level of enforcement is superior to that of FMCSA.

Chief Paddock responded that Texas is the model the Bureau is currently looking at, which appears to be very robust. He noted that FMCSA is essentially tracking what other states are doing, which is also work the Bureau is engaged in.

Councilmember Comment: Mr. Grimes inquired about the rate of collection on citations.

Ms. Aguirre responded that it is not currently what the Bureau would like, and that it is a priority for the newly established Case Management unit and will include entering into a contract with a third party to collect the money. Chief Paddock added that staff will present information on citation fees collected at the November council meeting and that staff will flag businesses with outstanding citation fees to prevent them renewing their license until the fines are resolved.

11. Communications and Education Update

Content Manager Joanne Van provided an update on the Bureau's communication and outreach efforts, including the first video fully produced in-house by Bureau staff. The video highlights the Connect system's key features and best practices for

navigation.

Ms. Van spoke about the Bureau's increased efforts to update publications and mentioned a new flyer on Connect that was distributed to HHM licensees; a new flyer in English and Spanish with essential consumer tips for all industries the Bureau regulates; and a consumer-oriented flyer in the works about service contracts that will also be published in English and Spanish.

Ms. Van announced that the Bureau now has a QR code that houses all of the Bureau's most popular links. She stated that staff use it during field work to educate businesses on licensure, at outreach events for consumers to find Bureau resources, and within the Bureau's social media platforms.

Ms. Van announced that the Bureau has been posting on social media at least once a week in English and Spanish. She stated that the goal is to consistently reach applicants, licensees, and consumers.

Ms. Van reviewed various updates to the Bureau's website, including a banner on the homepage with a direct link to Connect, simplifying the process to submit a complaint, and working on updating how citation data is shown. She also announced that the Bureau plans a full website revamp, in collaboration with DCA and will provide more information at the November council meeting.

Ms. Van shared that the Bureau participated in eight outreach events between October 2023 and May 2024, and thanked the staff who helped coordinate and who spoke at these events.

Lastly, Ms. Van mentioned that the Bureau distributes a monthly internal newsletter to keep staff informed on Bureau activities and industry trends.

Councilmember Comment: Mr. Weitekamp pointed out that a recommendation on the essential consumer tips flyer is actually a requirement.

Chief Paddock responded that they have discussed this with council and that he can discuss it with Mr. Weitekamp offline.

12. Legislative and Policy Updates

Policy Manager Eileen Yap provided legislative and policy updates.

a. Household Movers Enforcement Regulation Update

Ms. Yap announced that the Bureau is in the final stages of the production phase of the rulemaking process for HHM enforcement regulations and noted that publication is the next step, which she hopes will happen in the

summer.

b. Upholstered Furniture and Bedding Law Label Regulatory Proposal

Ms. Yap said that following feedback from the June 2023 council meeting changes were made to the draft Upholstered Furniture and Bedding Law Label Regulatory Proposal, which include incorporating Mr. Grimes' suggestion to retitle the template labels.

Ms. Yap described the changes to the draft, which include updated definitions, removing filling materials from the regulations and placing them in a glossary, updated labeling requirements, a new regulation that requires a digital law label be displayed for each product sold online, and updated template labels.

Ms. Yap stated that after rules are adopted, the Bureau plans to make downloadable fillable template labels available on the Bureau's website.

Councilmember Comment: Mr. Weitekamp inquired about the timeline for posting the HHM enforcement regulation online and where it can be found.

Ms. Yap responded that the Bureau is required to give a 45-day notice and that all of the materials will be posted on the Bureau's website.

Councilmember Comment: Mr. Grimes stated that he would like to discuss pillows and upholsterers with the Bureau in regard to the labels.

Chief Paddock responded that they could schedule a time to discuss any feedback that Mr. Grimes would like to share.

Councilmember Comment: Mr. Weitekamp asked if the HHM Enforcement regulations conflict with the HHM Act.

Ms. Yap responded that there are no conflicts, and that the Bureau cannot adopt regulations that conflict with law.

**c/d/e. SB 814 (Roth, 2023) – BHGS Sunset Bill
AB 1985 (Patterson, 2024) – Home Solicitation Contracts
Implementation of SB 244 (Eggman) – Right to Repair Act**

Ms. Yap announced that SB 814, the Bureau's sunset bill, became effective January 1, 2024, and provided an update on implementation of its provisions: training has been provided to managers and staff; the law books have been updated to include the amended language and posted to the Bureau's website; and the Bureau is in the process of consolidating the three funds.

Ms. Yap announced that SB 244 will become effective on July 1, 2024.

She explained that the bill is intended to provide a fair marketplace for repairing electronic and appliance products and to prohibit manufacturers from making third-party repairs more difficult. She also provided on implementation: training has been provided to managers and staff; an industry advisory will be posted on the Bureau's website by the end of June; and social media outreach efforts will follow.

Lastly, Ms. Yap shared that AB 1985 is not moving forward.

Chief Paddock mentioned that AB 2210, sponsored by Assembly Member Petrie-Norris and which was mentioned during public comment, involves ignition interlock devices. The bill proposes a pilot program where five counties would require the installation of interlock ignition devices after the first DUI offense within those counties. He also shared DCA's analysis that passage of the bill would lead to minor additional workload for Bureau staff.

13. Confirm November 14, 2024 Meeting Date

DCA Legal Counsel Helen Geoffroy noted that she has a conflict on November 14.

Council members agreed to keep the November 14 meeting date.

14. Future Agenda Items

Chief Paddock stated that he would like to discuss service contracts at the November council meeting.

Councilmember Comment: Mr. Grimes said that he would like that.

Councilmember Comment: Mr. Keepers asked what specific content would be discussed.

Chief Paddock responded that he would provide a summary of the regulatory environment in California and discuss what, if anything should change.

Councilmember Comment: Ms. Oakley asked if the names of presenters can be included with the item they are speaking about on the screen at the next meeting. Mr. Rhodes and Mr. Keepers agreed with this request.

Chief Paddock stated that the Bureau would be happy to do that.