

October 29, 2015 Advisory Council Meeting Materials Packet

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Note: Meeting Material Page numbers are underlined and found at the bottom center of each page.



**BUREAU OF ELECTRONIC AND APPLIANCE REPAIR
HOME FURNISHINGS AND THERMAL INSULATION**
4244 S. Market Ct, Suite D, Sacramento, CA 95834-1243
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**ADVISORY COUNCIL MEETING
NOTICE & AGENDA
Teleconference Meeting
Thursday, October 29, 2015, 9:00 a.m.**
Bureau of Electronic and Appliance Repair,
Home Furnishings and Thermal Insulation

Meeting Location: Department of Consumer Affairs
DCA HQ 2, Hearing Room 186
1747 North Market Blvd. Sacramento, CA 95834

**Teleconference Phone Number: 866-842-2981
Participant Passcode #: 4598662**

Advisory Council Members

Sharron Bradley, Industry (HFTI)	Donald Erwin, Industry (EAR)
Burt Grimes, Industry (HFTI)	Timothy Hawkins, Industry (EAR)
Judy Levin, Public (HFTI)	Donald Lucas, Public (HFTI)
Joanne Mikami, Public (EAR & HFTI)	Leonard Price, Public (EAR)
David Spears, Industry (EAR)	David Velasquez, Industry (EAR)
David Yarbrough, Industry (HFTI)	

Unless noticed for a specific time, items may be heard at any time during the period of the Council meeting.

The Bureau welcomes and encourages public participation in its meetings. The public may take appropriate opportunities to comment on any issue before the Bureau at the time the item is heard. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment.

General Bureau Business Agenda Items

1. Welcome – Justin Paddock, Bureau Chief
2. Introduction of the Newly Appointed Council
3. 2016 Tentative Meeting Dates
4. Bureau Administrative Updates
5. Licensing & Enforcement Report
6. Regulations Update
7. Public Comment on Items not on the Agenda

Home Furnishing and Thermal Insulation Agenda Items

8. CalRecycle Briefing on Statewide Mattress Recycling Program
9. Home Furnishing Retail Advertisement Regulations Update
10. Operations Update – Ports and Importer Inspections
11. 2015 Outreach to Consumers and Industry and 2016 Outreach Plan
12. Laboratory Operations Update
13. Technical Bulletin 117-2013 Updates
 - a. Barrier Study Update
 - i. Phase 2 Update
 - ii. Phase 3 Update
 - b. Compliance Statistics
14. SB 1019 Implementation Updates
 - a. Best Practices Guidelines
 - b. Document Review Issues
 - b. Inter-Agency Agreement
15. Thermal Insulation Updates
 - a. Registry Number Changes
 - b. Informal Regulatory Proposal
16. Public Comment on Home Furnishings and Thermal Insulation Items not on the Agenda

Recess until 1:00 p.m.

The Advisory Council will reconvene at 1:00 p.m.

Electronic and Appliance Repair Agenda Items

17. Service Contract Working Group Update
18. Business URL and DBA Update
19. Regulation Proposal on License Numbers on Advertising
20. 2015 Outreach to Consumers and Industry and 2016 Outreach Plan
21. Public Comment on Electronic and Appliance Repair Items not on the Agenda
22. Adjournment

This meeting facility is accessible to the physically disabled. A person who needs a disability-related accommodation or modifications in order to participate in the meeting may make a request by contacting Victoria Hernandez at (916) 999-2055 or, for the hearing impaired, TDD (800) 326-2297; or by sending a written request to the Bureau at 4244 South Market Court, Suite D, Sacramento, CA 95834-1243, Attention: Victoria. Providing at least five working days' notice before the meeting will help ensure the availability of accommodations or modifications.

Interested parties should call the Bureau at (916) 999-2055 to confirm.

Agenda Item 2:

Newly Appointed Advisory Council Member Information

Sharron Bradley, Industry (HFTI): For 13 years, Ms. Bradley has served as the CEO of the North American Home Furnishings Association and the Executive Vice President of the North American Retail Service Corporation, providing leadership, advocacy, and education to owners and managers of home furnishing companies. Ms. Bradley holds a Master of Science in Human Resource Management.

Donald Erwin, Industry (EAR): Mr. Erwin has worked in various facets of the electronics industry for over 50 years and has been associated with many private industry organizations, including serving as president of the National Electronic Service Dealers Association and leadership involvement with other entities. He has been influential in addressing issues/concerns brought before the Council and Bureau. Mr. Erwin is credentialed as a Certified Service Manager with the National Association of Service Managers since 1984.

Burt Grimes, Industry (HFTI): Mr. Grimes started his company, Pacific West Furniture Manufacturing, in 1979 and continues to successfully grow his business, including acquisition of Royal Mattress Manufacturing in 2010. Mr. Grimes currently serves on the Board of Directors of the California Furniture Manufacturers' Association, and has also served as president. Mr. Grimes holds a Bachelor of Science degree in Business Administration from the University of Northern Colorado.

Timothy Hawkins, Industry (EAR): Mr. Hawkins has been in the appliance repair industry for 25 years. Shortly after graduating from high school, Mr. Hawkins took a position with Coca Cola as a Service Technician. Today he operates his family's business as the Service Manager assisting customers and training technicians.

Judy Levin, Public (HFTI): Ms. Levin has worked in the non-profit arena for 25 years and for the last 7 years has led the Center for Environmental Health's flame retardant campaign, working with corporations, and governmental, health care, and higher educational organizations to move the market towards safer products. Ms. Levin has recently been awarded the 2015 International Interior Design Association Leadership Award of Excellence. Ms. Levin holds a Master of Arts Degree in Social Work from the University of Michigan.

Donald Lucas, Public (HFTI): Dr. Lucas currently works as a Combustion Scientist at the Lawrence Berkeley National Laboratory and the University of California, Berkeley. His research focuses on combustion byproducts and has led to the development of diagnostic methods for the measuring of toxic combustion. Dr. Lucas holds a Ph.D. in Physical Chemistry from the University of California, Berkeley.

Joanne Mikami, Public (EAR & HFTI): Ms. Mikami joined the then Bureau of Home Furnishings in 1977. She served in several positions within the Bureau, eventually retiring from state service after a career of 34 years. Ms. Mikami continues to work as an advocate for the safety and welfare of California consumers.

Leonard (Len) Price, Public (EAR): Mr. Price is a founding instructor of the Appliance Service Technology Program at Los Medanos College where he has worked since 1974, and is recognized as a state and national leader in vocational education. Mr. Price has worked in the appliance industry for over 50 years and has been a demonstrative influence in the industry, developing curriculum and internship programs with a number of partner businesses.

David Spears: Mr. Spears has been in the appliance repair industry since the age of 14, working in the family owned appliance store. By the age of 18 he was working full time as an appliance repair technician, performing repairs on a variety of units. Mr. Spears is currently the CEO of South Bay Appliance, Inc.

David Velasquez, Industry (EAR): Mr. Velasquez has been involved with the electronics industry for 29 years with experience in manufacturing electronics, product repair and parts, and service contract administration of a number of products under the Bureau's regulation. In these capacities, Mr. Velasquez has the unique perspective of how each of these industry segments interact and are brought together to provide customer service with controlled costs. Today, Mr. Velasquez works as a Quality Manager for Harman International.

David Yarbrough, Industry (HFTI): Dr. Yarbrough has been active in the field of thermal insulation for over 35 years and is the author of over 150 technical documents on the subject. Dr. Yarbrough is the founder of R&D, Inc. Dr. Yarbrough holds a Ph.D. in Chemical Engineering from the Georgia Institute of Technology, and is a registered engineer in two states. **Please note: The Bureau holds a testing contract with Dr. Yarbrough's company.**

Agenda Item 5:

Licensing-Enforcement Statistics - July-Sept 2015



LICENSING / ENFORCEMENT STATISTICS
July – September 2015

<i>EAR Registrations</i>	July 2015	August 2015	September 2015
Appliance Service Dealer	2,480	2,481	2,497
Electronic Service Dealer	4,981	5,000	4,983
Combination Electronic/Appliance Service Dealer	485	486	487
Service Contract Administrator	42	44	43
Service Contract Seller	9,974	10,087	10,132
<i>Total EAR Registrations</i>	17,962	18,098	18,142

<i>HFTI Licenses</i>	July 2015	August 2015	September 2015
Furniture Retailers	2,226	2,218	2,231
Bedding Retailers	1,705	1,702	1,589
Furniture & Bedding Retailers	11,792	11,782	11,783
Custom Upholsterers	493	488	496
Supply Dealers	131	131	129
Importers (includes overseas Manufacturers)	4,321	4,322	4,347
Manufacturers	1,446	1,447	1,453
Sanitizers	17	17	12
Wholesalers	151	147	147
Thermal Insulation Manufacturers	119	121	117
<i>Total HFTI Licenses</i>	22,401	22,375	22,304

Bureau Investigations and Enforcement

<i>BEARHFTI</i>	July 2015	August 2015	September 2015	Average*
Complaints Received	233	237	241	223
Investigations Opened	104	98	90	98
Citations Issued	118	132	144	120
AG Cases Initiated/Pending	7/4	7/4	7/4	-

* Averages from July 2014 to June 2015

Agenda Item 6:
Regulatory Update

BEARHFTI Regulatory Update

Program	Subject	Issue	CCR Section(s)	Priority	Status
EAR	Interlock Ignition Devices	Outlines service dealer requirements	2744, 2744.1	High	Filed with Secretary of State - Effective as of October 1, 2015
HFTI	Licensing Fee Increases	Raise HFTI licensing fees following passage of AB1175	1107	High	Bureau currently drafting
EAR	Citation Fee Cap Increase	Align citation fees with allowed fines in general statute	1383.2	High	In Departmental Review
EAR	Service Contract Application	Revise to no longer require in regulation	2756	High	In Departmental Review
HFTI	Thermal Insulation	Revise to make language current	TBD	High	Bureau currently drafting Discussion Document for informal comment.
HFTI	Citation Fee Cap Increase	Align citation fees with allowed fines in general statute	2775	Medium	Bureau currently drafting
EAR	Disciplinary Guidelines	Update with additional probationary provisions	2775	Medium	Bureau will begin drafting in Fall 2015
HFTI	Disciplinary Guidelines	Update with additional probationary provisions	1379	Medium	Bureau will begin drafting in Fall 2015
EAR	Advertising	Update advertising regulations to address current market practices and to require registration numbers in advertisement	2751 et seq	Medium	Research and discussion phase
HFTI	Advertising	Update advertising regulations to address current market practices	1300 et seq	Medium	Research and discussion phase
HFTI	Labeling Updates	Revise to make language current	1125 et seq	Medium	Research and discussion phase
HFTI	TB 133 Changes	Review prior drafts for relevancy	1374	Medium	Research and discussion phase
HFTI	Laboratory Terminology	Update to include current materials	TBD	Medium	Research and discussion phase
EAR	Obsolete technology	Remove references to picture tube grading and other technology that is no longer relevant	2727 et seq	Low	Bureau will submit package Fall 2015
HFTI	Damaged Feathers	Assess current damaged feather failure rate and evaluate changing current standard to sliding scale	1193(b), 1193(c)	Low	Research and discussion phase
HFTI	Plumage	Update cleanliness requirements, evaluate oxygen standard	1193(h)	Low	Research and discussion phase
HFTI	Water Beds	Remove and update references	1374	Low	Research and discussion phase

Agenda Item 8:

Mattress Recycling Program Presentation - CalRecycle



California's Used Mattress Stewardship Program Overview

Presented by Department of Resources, Recycling, and Recovery (CalRecycle)
Extended Producer Responsibility Compliance (EPRC) - October 29th, 2015

Kirby Garrett:

Kirby.Garrett@CalRecycle.ca.gov

Environmental Scientist with CalRecycle, working on compliance efforts related to Extended Producer Responsibility for recovery and recycling programs, such as the Mattress Law

Krysty Emery:

Krysty.Emery@CalRecycle.ca.gov

Sr. Environmental Scientist Supervisor at CalRecycle, heading the compliance teams for Extended Producer Responsibility products including Mattress, Paint and Carpet.

1



Extended Producer Responsibility (EPR) Background

- Recycling programs are often funded with up-front assessments, managed by a government-run recycling program approach:
 - Electronic Waste Recovery and Recycling Program
 - Waste Tire Recycling Management Program
 - Beverage Container Recycling Program

- The Mattress Law promotes reuse and recycling of mattresses sold in the state, through the EPR approach, a stewardship-run program

2



EPR: A Product Stewardship / Waste Reduction Approach

- The producer designs, implements and manages the recycling program
- Shifts the burden of managing unwanted end-products onto the producers and users of those products
- Funded by an assessment fee attached to the sale of new products sold in the state and paid by the consumer

3



Used Mattress Recovery and Recycling Act

[SB 254 Hancock 2013- Statute Chapter 388](#)

Established statewide Mattress Stewardship Program

[SB 1274 Hancock 2014 Statute Chapter 371](#)

Clarified definitions, report submittals, and records requirements

- Supports statewide goal of at least 75% by 2020
- Reduce illegal dumping, increase recycling, reduce public agency costs for end-of-life management
- Establishes an industry-led recycling program
- The International Sleep Products Association (ISPA) helped create the Mattress Recycling Council (MRC) to comply with the law and organize regulated stakeholders

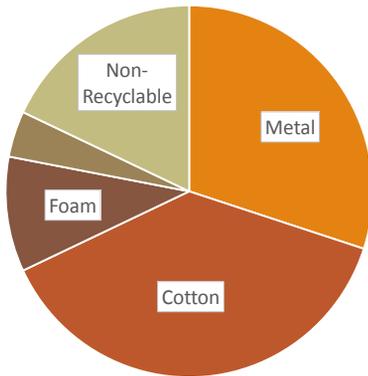


4

Typical Mattress Composition

38% Cotton (about 9 pounds)
30% Metal (about 25 pounds)
10% Foam - Urethane
4% Wool Shoddy
18% Non-recyclable material

[CATEGORY
NAME]
(Fiber)

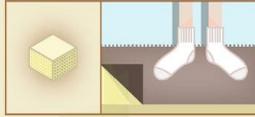


STEEL



Mattress springs are valuable steel that is melted and remade into any number of products.

FOAM



Mattress foam is processed into carpet underlay.

WOOD



Wood can be used to make mulch.

FIBER



Fiber is reprocessed and used to create filters for industrial equipment.

5



CalRecycle Statutory Requirements

- Appoint MRC Advisory Committee
- Approve plans, annual reports, budgets
- Approve the mattress recycling charge
- Post compliant manufacturers and renovators
- Set baseline and recycling goals
- Enforcement
 - Businesses are inspected periodically by CalRecycle
 - Noncompliant entities are subject to administrative civil penalties
 - Enforcement activities are '**progressive**' and include **educational outreach**

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Stewardship Organization Requirements

The Stewardship Organization, which may also be referred to specifically as the

- Mattress Recycling Organization (MRO), or
- Mattress Recycling Council (MRC)

Is statutorily required to:

- Develop plan, budgets, annual reports
- Propose mattress recycling charge
- Provide education and outreach
- Maintain records on compliant manufacturers
- Reimburse CalRecycle

7



The Mattress Law regulates the following entities throughout California:



- Manufacturers
- Renovators
- Retailers
- Recyclers
- Solid Waste Facilities

Preliminary research by the compliance unit has identified regulated entities in these areas in the state

8



Regulated Mattress Entity Requirements

		Retailer	Renovator	Manufacturer	Distributor	Recycler	Solid Waste
PRC 42987(b)(1)	Shall register with the MRO	X	X	X			
PRC 42987(c) & (d)	Sell only MRO registered products	X	X	X			
PRC 42989.1(a)	Collect Assessment (Recycle Charge)	X	X	X	X		
PRC 42989.1(b)	Have Visible Assessment (Recycle Charge)	X	X	X	X		
PRC 42992(a)	Provide used mattress pick up option	X					
PRC 42993(c)	Monitor CalRecycle website for compliant products	X					
PRC 42993.3(a)(1)	Provide access to facilities	X	X	X	X	X	
PRC 42993.3(a)(2)	Provide access to records	X	X	X	X	X	
PRC 42991(a)	Annual reporting requirement to CalRecycle		X			X	X



Selected Program Elements

A recycling fee must be charged at point of sale for covered products

Covered

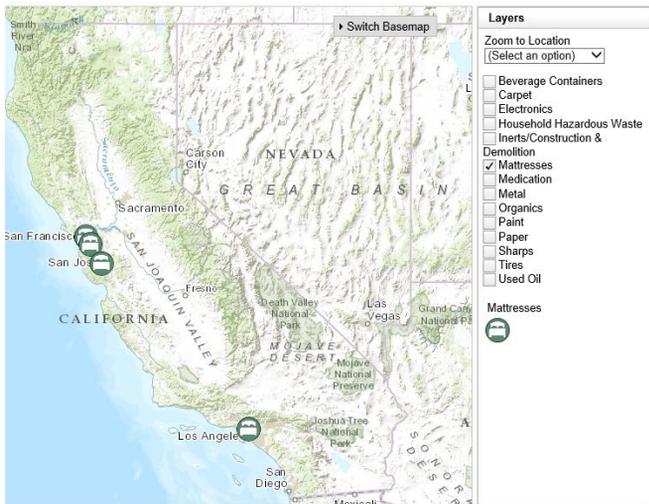
Mattresses and Box Springs/Foundations
(made from new or renovated materials)

Not Covered

Pads, Toppers, Sleeping bags, Pillows, Juvenile Products, Water or Air Beds, Prison Industry Authority mattresses



Where to Recycle - <http://www.calrecycle.ca.gov/>



Part of Mattress Law goal is to provide convenient and cost-effective program to recover and recycle used mattresses generated in the State.

Convenient recycling drop off locations are proposed in the MRC Plan throughout CA at regulated entities including:

- Participating solid waste facilities
- mattress recyclers and renovators, and
- designated convenience locations.

Retailers are required to offer pickup of mattresses at no charge when delivering a new mattress to a consumer.

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Implementation Timeline

July 1, 2014

- Retailers must offer consumers used mattress pick up at no additional cost

March 1, 2015

- Manufacturers, renovators, and retailers must be registered with the MRO

July 1, 2015

- MRO must submit plan to CalRecycle for recycling used mattresses in CA

January 1, 2016 *

- Retailers shall only sell products from MRO registered manufacturers
- Manufacturer or renovator shall not sell, offer for sale, or import in CA or to a distributor or retailer unless they are registered and in compliance

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Contact Information

CalRecycle

- Mattress Phone Line: (916) 341-6192
- Mattress Fax number: (916) 319-7267
- MattressEnforcement@calrecycle.ca.gov

Subscribe to CalRecycle Mattress ListServ

- <http://www.calrecycle.ca.gov/Listservs/Subscribe.aspx?ListID=133>

Mattress Recycling Council:

- 1-855-229-1691
- <http://mattressrecyclingcouncil.org/>

Agenda Item 9:
Advertising Retailer Survey

Truth in Advertising for Furniture Retailers Regulatory Development Industry Survey

Background: The Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation (Bureau) has identified the need to update existing furniture retailer regulations dealing with sales and the advertising of sales. Specifically, existing Regulations make it difficult to determine:

- “prevailing market price” for sale mark downs;
- whether a business is truly liquidating; or
- whether a store is closing or owner is going out of business

In order to address these issues the Bureau wishes to survey at least 150 retail locations throughout California in order to determine:

- What is a standard “mark up” from wholesale prices on products?
- How long do sales typically last?
- How often are “liquidation,” “going out of business,” and “closing” sales genuine market events versus marketing ploys?

Responses to this survey will be used strictly for regulatory development purposes. Any public records act requests for survey data will be provided only after all information in Section 1 is redacted so that individuals providing information cannot be identified. The purposes of this survey is to analyze market trends in order to determine thresholds for what is a piece of furniture’s “prevailing market price” and when is a liquidation sale truly one that is liquidating inventory.

Please note: The Bureau will not use any of the information collected in this survey in any pending or future enforcement or disciplinary action. The sole purpose of the survey is to gather information to make advertising regulations easier to follow and enforce.

Survey

Section 1: Identifying Information

Name: _____

Business Name: _____

Business Address: _____

City: _____ Phone Number: _____

Email: _____

Business' Number of Retail Locations*: _____

Business Location(s) or Zip Code(s) [For Geographic plotting purposes]*:

Please list any remaining business locations or zip codes on a separate sheet of paper.

** Responses to these questions will not be made available to the public on an individual basis. However, this data will be aggregated to demonstrate which geographic areas the Bureau has received information.*

Section 2: Retailer Demographics

1. Number of employees: _____

2. Average sales revenues past 3 years: _____

3. Average inventory investment costs past 3 years: _____

4. When purchasing items for inventory, are purchases:

1-5 Items 6-10 items 11-30 items 31+ items

5. Average total overhead costs past 3 years: _____

6. How many years have you been in furniture retail business and in this specific business?

7. If not the owner, how many years has the owner owned this business? _____

8. What is your marketing budget? If available, can you break down costs (e.g., print, television, internet, etc.)?

If necessary, please continue on a separate sheet of paper.

9. Approximately how many other furniture retail locations are within two miles of your location(s)?

Section 3: Pricing

1. What is your typical “mark up” of products from wholesale costs?

2. What instances is the “mark up” higher or lower and why?

If necessary, please continue on a separate sheet of paper.

3. Discuss other pricing decision factors the Bureau should take into account when developing a “prevailing market price” formula for sales advertising.

If necessary, please continue on a separate sheet of paper.

4. Would retaining purchasing documents of all inventory currently in the store be overly burdensome? Why?

If necessary, please continue on a separate sheet of paper.

5. Would providing a copy of specific documents to Bureau inspectors be overly burdensome? Why?

If necessary, please continue on a separate sheet of paper.

6. When advertising a former price of a product, what records do you maintain of the former price? Do these records include duration of time it was at that price and duration of time it has been at the new price?

If necessary, please continue on a separate sheet of paper.

Section 4: Special Sales

1. Please explain what you feel the term “liquidation sale” means.

If necessary, please continue on a separate sheet of paper.

2. Please explain what you feel the term “closing sale” means.

If necessary, please continue on a separate sheet of paper.

3. Please explain what you feel the term “going out of business sale” means.

If necessary, please continue on a separate sheet of paper.

4. Are you aware of other industry terms of special sales? If so, what is your understanding of what those terms mean?

If necessary, please continue on a separate sheet of paper.

5. Has your business(es) held any liquidation sales in the past 5 years? Yes No

6. If you answered “yes” to number 5, please answer the following:

a. How many liquidation sales has your business held? _____

b. Did you use a third party to assist you in liquidating the store? Yes No

c. If yes, please explain the third party’s business model and how it operated and profited.

If necessary, please continue on a separate sheet of paper.

d. Was new inventory obtained during the liquidation? If so, please explain the circumstances.

If necessary, please continue on a separate sheet of paper.

e. How long did the liquidation sale last? _____

7. Has your business(es) held any closing sales in the past 5 years? Yes No

8. If you answered "yes" to number 7, please answer the following:

a. How many closing sales has your business held? _____

b. Did you use a third party to assist you in closing the store? Yes No

c. If yes, please explain the third party's business model and how it operated and profited.

If necessary, please continue on a separate sheet of paper.

d. Was new inventory obtained during the closing? If so, please explain the circumstances.

If necessary, please continue on a separate sheet of paper.

e. How long did the closing sale last? _____

f. Did the sale result in the closure of a specific location or the business? Yes No

g. Was another location opened within one year prior to the sale or one year after the conclusion of the sale? Yes No

h. If "yes", how close were the two locations? _____

9. Has your business(es) held any going out-of-business sales in the past 5 years?

Yes No

10. If you answered "yes" to number 9, please answer the following:

a. How many going out of business sales has your business held? _____

b. Did you use a third party to assist you in going out of business? Yes No

c. If yes, please explain the third party's business model and how it operated and profited.

If necessary, please continue on a separate sheet of paper.

d. Was new inventory obtained during your going out of business? If so, please explain the circumstances.

If necessary, please continue on a separate sheet of paper.

e. How long did the going out of business sale last? _____

f. Did the sale result in the closure of a specific location, the business, or was the business sold? Yes No

g. If "yes", what was owner's relationship to the buyer? _____

h. Was another location opened within one year prior to the sale or one year after the conclusion of the sale? Yes No

If so, how close were the two locations? _____

11. If the Bureau required retailers to notify it of sales via fax or the internet with an easy to read fillable form, would that be overly burdensome? Yes No

12. If the Bureau required retailers to attach a detailed inventory to their notification, would that be overly burdensome? Yes No

13. Would it be inappropriate to prevent special sales from lasting more than six months without seeking authorization to extend the sales from the Bureau for cause?

Yes No

14. Would it be inappropriate to prevent special sales from lasting occurring no more than once every two years without seeking authorization from the Bureau for cause?

Yes No

Agenda Item 10:

Bureau Operations Update

Operations Update

Point Source Enforcement

At the previous Advisory Council meeting, the Bureau discussed updating operational procedures in order to increase the number of inspections and sample collections from non-retailer sources. Specifically, the Bureau has worked on increasing inspections at licensed importers and commencing inspections at points of entry into California, including ports.

The Bureau's Point Source Enforcement (PSE) initiative has been further developed to address non-compliant furniture products coming into the state. However, focusing on where products are coming from rather than retail locations has unique challenges:

- Distributors deliver mass amounts of varying types of products, not just furniture
- Routine access to some of these facilities, especially ports and distribution houses pose a challenge
- Product is not readily displayed or exposed for inspection (packaged, crated products)
- Information regarding the distributors of product is not readily available

PSE and Licensed Inspection Population

In order to ensure random inspections and sample collections occur evenly over the licensed population, the Bureau needs to focus on the ratios of various parts of the supply chain. The Bureau has data on the following source points:

Manufacturers in California	899
Manufacturers in other states	547
Importers in California	514
Importers in other states	544
Importers/Manufacturers – Overseas	3,304
Licensed California Retailers	15,557

The Bureau is still attempting to determine how to gather for distributors and bulk shipping points by identifying the locations, accessibility and fostering cooperation.

Importers

Historically, the Bureau averaged two to three importer visits per month, and samples were rarely obtained from these sources. The Bureau has increased its number of visits, conducting five total in September as well as October. The Bureau has also collected approximately 20 percent of its samples from importers in the past two months and is working toward a 50 percent ratio by Spring 2016.

Further efforts to improve the collection ratio include:

- Slowly increasing, month-by-month the number of inspections conducted, as the Bureau continues to refine procedures;
- Having Bureau inspectors visit these facilities in teams to cover more square footage and ensure crated items are properly obtained;
- Placing larger importers on a set (but randomized) schedule annually so that no one business is overly targeted unless compliance issues are discovered;

We are also working to address barriers to inspection issues that have arisen; specifically, non-compliant staff or citations of safety issues that delay inspections. The Bureau has communicated with owners and managers of facilities to ensuring timely inspections as well as obtaining proper safety training for inspectors for work in warehouse environments.

Ports

The Bureau continues to develop a port inspections plan; however, coordination with multiple federal agencies, security issues, and properly locating applicable products requires far more research. One effort we are attempting in retail and importer inspections is collecting all transportation information to understand how specific products reach their end points. The Bureau will provide a further update on this inquiry in Summer 2016.

Online Sales

Upon the successful implementation of the Bureau's licensing fee increases, the Bureau will begin periodic purchasing of covered products through online offerings. In the event that a product is deemed non-compliant, the Bureau would then seek reimbursement of the cost incurred for purchase.

Agenda Item 13a:

**Barrier Study Phase 3 DRAFT
Scope of Work - For Discussion
Purposes Only**

Barrier Research Study, Phase 3
DRAFT Market Analysis and Cost Benefit Analysis
on use of Fire Barriers in Upholstered Furniture

REQUEST FOR PROPOSALS
SCOPE OF WORK

I. INTRODUCTION/OBJECTIVES

The major goal for the contract is to determine impacts to consumers and industry if all upholstered furniture (as defined in Business and Professions Code section 19006) sold in California was required to contain a fire barrier. The contractor may identify impacts including but not limited to safety, labor, cost changes to products, and physical characteristics of products.

The objective for this Scope of Work is to hire a consultant (Contractor) or consulting firm that has experience in and/or knowledge of performing market assessments and cost/benefit analyses, preferably on the furniture industry or associated industries.

By following the steps outlined below, the Contractor will produce a report for publication and for placement on the Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation's (Bureau) web site. The report findings will be included in the Bureau's barrier research study.

The Contractor must ensure that the Bureau is aware of its progress during all stages of the research and analysis throughout the terms of the contract and must follow the requirements for deliverables delineated under each task and must be willing to meet with the Bureau Contract, as needed (in-person or by telephone).

The Bureau will do its best to facilitate meetings and/or demonstrations between Contractor and Barrier Research Study Participants or other Bureau stakeholders as needed. Contractor will also be allowed to review Bureau materials, however, Contractor will have to enter into a non-disclosure agreement to protect industry proprietary information.

II. WORK TO BE PERFORMED

Conduct a market assessment of the furniture industry and cost/benefit analysis for requiring all upholstered furniture to contain a fire barrier:

1. Conduct a literature review of research and articles related to the efficacy, use, and impacts of fire barriers, in general.
2. Conduct a survey of furniture manufacturers, fire barrier manufacturers, and other applicable fields.
3. Conduct a cost/benefit analysis of requiring all upholstered furniture sold in California to contain a fire barrier.

4. Identify technical terms and acronyms and develop a glossary of terms and list of acronyms used in research and in preparation of the report and its various segments. Technical terms need to be identified and included in the glossary. The glossary and a list of acronyms and explanations for the acronyms shall be included in appendices to the final report. Although identified as a separate task, the glossary of technical terms and the list of acronyms and explanation for the acronyms should begin at the time of the literature review and continue with additions and definitions throughout the timeframe of the contract until the Contractor has identified all technical terms and acronyms.
5. Produce a final report for the Bureau, including recommendations for further research and for any governmental or regulatory action needed.
6. Present periodic findings before the Bureau's Advisory Council at the direction of the Bureau.

III. TASKS AND DELIVERABLES IDENTIFIED

Task 1: Conduct a literature review of research and articles related to the use and impacts of fire barriers, in general.

The Contractor shall research all literature pertaining to the following topics (Bureau will provide all available data but wishes contractor to conduct an independent review to determine if additional information is available):

1. Define the types of fire barriers available in the market place for use in furniture and mattresses;
2. Identify the experts/stakeholders in the field and leaders in research (contact list); and
3. Conduct literature survey on various factors associated with fire barriers, including but not limiter to:
 - o Safety effectiveness,
 - o Potential impacts to the industry due to changes in labor demands and supply demands
 - o Any additional research the Contractor feels is appropriate to conduct the cost/benefit analysis outlined as separate tasks, below;

The Contractor shall use every possible means to identify and analyze relevant information including Internet and library searches, telephone interviews, professional journal searches, contacts with interest groups and trade associations, government organizations, and manufacturers in California, the United States, and internationally.

The literature review and a summary of major findings with a bibliography and names, addresses, telephone and e-mail addresses of experts and stakeholders should be included in the Contractor's report or appendices to the report. At a minimum the literature review will contain the following:

Publication Date and Author	Type of Research/ Article	Location, Data Set, Years, Sample (N=)	Research Focus	Major Conclusions and Significance of Findings
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Deliverables upon completion of Task 1:

1. *Draft summary of the major findings;*
2. *References (bibliography and other sources of information);*
3. *Contact list: names, addresses, telephone, and e-mail addresses of experts and stakeholders; and*
4. *Detailed outline of the final report.*

The Bureau will edit, comment on, confer with the Contractor, and approve all deliverables for Task 1.

Task 2: Conduct a survey of furniture manufacturers, fire barrier manufacturers, and other applicable fields.

The Contractor shall:

1. Based on the findings of Task 1, develop a survey to be reviewed by the Bureau prior to release;
2. Conduct a test of survey by obtaining input from at least three stakeholders to ensure questions are clearly understood;
3. Revise survey based on input from the stakeholders surveyed during the survey test and Bureau input;
4. Develop a strategy to help ensure sizeable response rate (e.g. use of Survey Monkey, mailing, etc.).
5. Ensure anonymity of respondents by aggregating the information in an appropriate fashion;
6. Summarize methodology for the survey for a section of the report;
7. Summarize data about the survey in the report, such as number solicited, percent of returns, analysis by California, U.S. and international responses.
8. Summarize data and comments (with anonymity protected) and an appendix in report, broken down by location (California, United States and international returns);
9. Analyze any significant differences among responses by California, United States, and international respondents;
10. Prepare summaries of the data, such as statistical means of preparing for data analysis; and
11. Analyze the data and information from the survey and use the results for the market identification and issues to include in the report.

Deliverables before survey is released:

1. Survey draft for review by Bureau and identified stakeholders;
2. Final survey for review by Bureau prior to release; and
3. List of companies/trade associations/experts to be surveyed prior to release.

Deliverables upon completion of Task 2: Aggregate survey results and summary of results. The Bureau will edit, comment on, confer with the Contractor, and approve all deliverables for Task 2.

The Contractor's final report will include a copy of the survey in the appendices. The methodology for the survey and the analysis of the results of the survey, including summaries of the comments, will be presented as a separate chapter of the final report.

Task 3: The Contractor shall conduct a cost/benefit analysis of requiring all upholstered furniture sold in California to contain a fire barrier.

Costs identified and analyzed should include but not be limited to:

1. Costs associated with procurement and steady supply of fire barriers;
2. Costs associated with changes to manufacturing process time lines (i.e. additional lead time for manufacturers to fill orders);
3. Costs associated with increased need for labor in manufacture process and potential, if any, to shift work to other facilities or countries;
4. Costs associated with ensuring barriers conform to contours, shapes, and geometries of upholstered furniture;
5. Costs associated with changes to the end product, including but not limited to finished feel, comfort, and durability; and
6. Increased costs to end consumers of upholstered furniture.

Benefits identified and analyzed should include but not be limited to:

1. Benefits to safety when upholstered furniture is a primary or secondary source of a fire, including but not limited to lives saved, egress time, and preservation of property;

Deliverables upon completion of Task 3: The Contractor shall submit a draft of the cost/benefit analysis to the Bureau for review and comments. The analysis shall become part of the final report. The Bureau will edit, comment on, confer with the Contractor, and approve the draft for Task 3.

Task 4: Identify technical terms and acronyms and develop a glossary of terms and list of acronyms used in research and in preparation of the report and its various segments.

The Contractor shall:

1. Identify technical terms and correct definitions for these terms. Clearly define any technical terms in the report. Keep a list and clearly define these terms listed in alphabetic order in a glossary for the appendices of the report. Analysis, analytical terms, and specialized terms identified during the literature review, cost/benefit analysis, and other areas of research should also be identified and definitions provided.
2. All abbreviations and acronyms need to be clearly spelled out the first time mentioned in the report with the abbreviation/acronym in parentheses. Maintain a list of these abbreviations/acronyms and place them in a list alphabetically by abbreviation or acronym in the appendices of the report with the terms or entities the acronyms/abbreviations represent.

Deliverables upon completion of Task 4: The Contractor shall submit a draft copy of the glossary of technical terms and a list of acronyms/abbreviations for the Bureau's review and comments at the end of Task 5, with the draft final report.

Task 5: Produce a final report for the Bureau, including recommendations for further research and for any governmental or regulatory action needed.

The Contractor shall include the following in the draft final report and the final report:

1. Executive summary including major findings and recommendations;
2. Background information on fire barriers.
3. Summary and analysis of findings from the literature review for California, the United States, and international markets. Literature review summaries of previous research and market development should be presented by topic;
4. Methodology for all phases of this project;
5. Conclusions and recommendations for further research as well as any considerations for governmental or regulatory intervention;
6. Footnotes for all references;
7. References (Bibliography and sources);
8. List of Acronyms/Abbreviations and accompanying explanations/references for them for acronyms/abbreviations used in report;
9. Glossary of technical terms used in the report; and
10. Appendices: copy of survey; copy of names, addresses, phone numbers and e-mails; numbers of businesses/trade associations, etc. surveyed; technical tables and presentations of the raw data or lists of the comments shall be inserted in appendices rather than in the text.

Deliverables upon completion of Task 5: The Contractor shall submit a complete draft of the final report to the Bureau 50 days before the final report is due. The Bureau will edit, comment on, confer with the Contractor, and approve all deliverables for Task 5. After the Bureau has reviewed and approved the draft final report, the Contractor shall make any suggested changes, submit 20 copies of the final report printed back-to-back on recycled-content paper. In addition, the Contractor shall submit an electronic version of the final report that can be posted on the Bureau's website as a publication.

The final report shall include the following disclaimer: *The statements and conclusions of this report are those of the Contractor and not necessarily those of the Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation, its employees, or the State of California. The State makes no warranty, expressed or implied, and assumes no liability for the information contained in the succeeding text. Any mention of commercial products or processes shall not be construed as an endorsement of such products or processes.*

Task 6: Present periodic findings before the Bureau's Advisory Council at the direction of the Bureau.

Contractor shall:

1. Review presentation material with the Bureau prior to the presentation(s);
2. Produce hardcopy handouts of overheads or PowerPoint presentation based on research to date; and
3. Be prepared to present summary of final report to the Bureau's Advisory Council at the direction of the Bureau.

Deliverables at the Conclusion of Task 6: the Contractor shall be prepared to present three updates and a final presentation on the research with appropriate visual accompaniments and handouts. Due to the contractor's actual physical location, the Bureau may decide to have the contractor participate remotely to reduce travel costs.

Agenda Item 13b:

Compliance Statistics – TB 117-2013 and SB 1019

SB1019 LABELING STATISTICS

Samples Received with the SB1019-Flame Retardant Chemical Statement 01/01/2015 – 10/01/2015			
Month	"NO" Chemicals Checked	Contains Chemicals	No Box Checked
February	1	1	0
March	3	1	0
April	5	2	0
May	3	0	0
June	9	5	3
July	9	1	1
August	11	4	0
September	3	3	0
Total	44 (68%)	17 (26%)	4 (6%)
Total TB117-2013 Samples Received: 176 (65 w/SB1019 or 37%)			

FURNITURE FLAMMABILITY STATISTICS

Furniture Samples Tested (Domestic vs. Foreign Manufacturers)									
YEAR	Domestic						Foreign		
	CA		Non-CA		Total Domestic				
	Pass	Fail	Pass	Fail	Pass	Fail	Pass	Fail	
2011-12	TB117	17	13	6	11	23	24	78	85
		57%	43%	35%	65%	49%	51%	48%	52%
2012-13	TB117	15	17	8	2	23	19	44	46
		47%	53%	80%	20%	55%	45%	49%	51%
2013-14	TB117	6	1	3	2	9	3	15	4
		86%	14%	60%	40%	75%	25%	79%	21%
TB117-2013	TB117	0	0	0	1	0	1	1	0
		n/a	n/a	0%	100%	0%	100%	100%	0%
2014-15	TB117	0	0	0	0	0	0	2	0
		n/a	n/a	n/a	n/a	n/a	n/a	100%	0%
TB117-2013	TB117	35	3	18	0	53	3	66	1
		92%	8%	100%	0%	95%	5%	99%	1%

Agenda Item 14a:
SB 1019 Bureau Guidance

SB 1019 Bureau Guidance for Industry

The purpose of this document is to provide manufacturers with information that may assist them in complying with the provisions of SB 1019 (Upholstered furniture: flame retardant chemicals). This information is being offered, at the request of industry, so that when compliance issues arise, manufacturers are aware of what factors the Bureau will take into account when determining disciplinary or enforcement measures.

California Business and Professions Code section 19094(d)(2) states:

- (2) In determining the amount of the fine for violations of this section, the bureau shall consider the following factors:
 - (A) The nature and severity of the violation.
 - (B) The good or bad faith of the cited person.
 - (C) The history of previous violations.
 - (D) Evidence that the violation was willful.
 - (E) The extent to which the cited person or entity has cooperated with the bureau.

CONSIDERATIONS:

Due to the unique aspects of any enforcement case, it is impossible to guarantee a manufacturer will be insulated against any action by the Bureau for violations. However, based on information the Bureau has received thus far regarding industry practices, and information gleaned from inquiries and enforcement matters, the following should be considered by manufacturers to possibly minimize the risk, and avoid the potential, of falling out of compliance with the provisions of SB 1019.

This document will be updated periodically to account for new information the Bureau receives.

1. Communication with Suppliers of Specified Components

Have you spoken to and followed up in writing with each supplier of a specified component concerning the basis and importance of this disclosure information? Do you have a system in place to monitor the responses from each supplier and ensure accurate information goes forward from your company regarding the presence of added flame retardant chemicals above 1000 parts per million (0.1% by weight)?

Note: California Business and Professions Code Section 19094(c)(1) specifies what a manufacturer must do with regard to supplier documentation. Failure to do so may result in a fine between \$2,500 and \$10,000.

2. Supplier Audits

Do you audit your supplier for their ability to control their supply chain, specify materials, and ensure accurate information goes forward from your company regarding the presence or absence of added flame retardant content applying the 1000 parts per million (0.1% by weight)? Do you have a system in place to monitor the responses from each supplier? If your supplier is not the direct manufacturer of the supplied product, have you ensured the information provided in the supply chain is accurate?

3. Safety Data Sheet Review

Do you request that your suppliers of each specified component review all Safety Data Sheets (SDS) associated with specified components and have a process in place to check whether it is a flame retardant as defined?

4. Third-party testing

Do you require third party testing documenting that the total (aggregate) level of chemicals in the most commonly used classes of furniture flame retardant chemicals is below 1000 ppm?

FLAME RETARDANTS:

The most commonly used classes of furniture flame retardant chemicals include: organohalogen (brominated or chlorinated), non-halogenated organophosphates, and nitrogen-based. For examples of some of the chemicals included in the first two classes, see the Biomonitoring California Designated Chemicals List under “Brominated and Chlorinated Organic Compounds used as Flame Retardants” and “Non-Halogenated Aromatic Phosphates.” For examples of some chemicals included in the third class, see U.S. EPA’s Design for the Environment “Flame Retardants Used in Flexible Polyurethane Foam: An Alternatives Assessment Update” under “Inorganic/Other Alternatives.” These lists provide examples of the various flame retardants within their class, but the list is not comprehensive and other flame retardants within these classes are included in the definition of flame retardant chemical.

Agenda Item 14b:
SB 1019 Document Review Issues



SB 1019

Document Review Issues

1

SB 1019

What sort of documentation do I need?

- “The manufacturer of the covered product sold in California shall retain documentation to show whether flame retardant chemicals were added. A written statement by the supplier of each component covered by Technical Bulletin 117-2013 attesting either that flame retardant chemicals were added or not added shall be sufficient documentation.”
- Take away – **Get the Declarations!**

2

Agenda Item 14c:

**Inter-Agency Agreement
with DTSC**

STATE OF CALIFORNIA
STANDARD AGREEMENT
 STD 213 (Rev 06/03)

AGREEMENT NUMBER REQ0015694
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME	Department of Consumer Affairs, Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation		
CONTRACTOR'S NAME	Department of Toxic Substances Control		
- The term of this Agreement is: August 1, 2015 or upon approval (whichever occurs later) through June 30, 2016
- The maximum amount of this Agreement is: \$15,000.00 (fifteen thousand dollars and zero cents)
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	2 page(s)		
Exhibit A, Attachment 1 – DTSC Test Sample Submittal Form	1 page(s)		
Exhibit B – Budget Detail and Payment Provisions	2 page(s)		
Exhibit C* – General Terms and Conditions	GIA 610 (Number)	6/9/2010 (Dated)	

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) Department of Toxic Substances Control		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS 1001 I Street Sacramento, CA 95812		
STATE OF CALIFORNIA		
AGENCY NAME Department of Consumer Affairs, Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation		
BY (Authorized Signature) 	DATE SIGNED(Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING William Pequino, Contract Operations Manager		
ADDRESS 1625 N. Market Blvd., Suite S-103 Sacramento, CA 95834		

Exempt per:

EXHIBIT A

SCOPE OF WORK

1. This Agreement is entered into by and between the Department of Consumer Affairs, Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation (BEARHFTI) and the Department of Toxic Substances Control (DTSC), for the purpose of DTSC to provide BEARHFTI added flame retardant chemical testing as described herein.
2. The services shall be performed at DTSC's Environmental Chemistry Laboratory located at 700 Heinz Avenue, Suite 150, Berkeley CA 94710-2721
3. The services shall be performed during normal working hours of 8:00a.m. to 5:00p.m., Monday through Friday, Pacific Standard Time, excluding State holidays.
4. The project coordinators during the term of this agreement will be:

Department of Consumer Affairs
BEARHFTI
Name: Carrie Cathalifaud
Phone: (916) 999-2056
Fax: (916) 921-0545
Email: carrie.cathalifaud@dca.ca.gov

Department of Toxic Substances Control
Environmental Chemistry Branch
Name: Myrto Petreas
Phone: (510) 540-3624
Fax: (510) 540-2305
Email: myrto.petreas@dtsc.ca.gov

Direct all agreement inquiries to:

Department of Consumers Affairs
Attention: Nicole Gottardo
Address: 1625 N Market Blvd. S-103
Sacramento, CA 95834
Phone: (916) 574-7269
Fax: (916) 574-8658
Email: nicole.gottardo@dca.ca.gov

Department of Toxic Substances Control
Name: Sina Kahsai
Address: 1001 I St, 21st Floor, P.O. Box 806
Sacramento, CA 95812-0806
Phone: (916) 327-1199
Fax: (916) 322-0274
Email: sina.kahsai@dtsc.ca.gov

5. The DTSC agrees to perform, upon receipt of covered product samples, testing using specifications outlined herein and as provided on the DTSC's Internet Web site.

The DTSC agrees to post on its Internet Web site the Standard Operating Procedures (SOPs) it will use to perform testing. The SOPs will include sample preparation and analysis steps, precision and accuracy documentation and validation documentation.

The services provided pursuant to this contract are intended to fulfill BEARHFTI and DTSC responsibilities specified in California Business and Professions Code section 19094, added by Senate Bill 1019 (Leno, Chapter 862, Statutes of 2014).

- A. Consultation and Planning: Pursuant to California Business and Professions Code section 19094(c)(3)(D), the BEARHFTI and DTSC met July 30, 2015 to select samples for testing and to discuss the number of tests to conduct in Fiscal Year 2015/2016. Samples must come from covered products marked "contain NO added flame retardant chemicals" and parties must take into account a range of manufacturers and types of covered products.

- B. BEARHFTI Sample Preparation and Shipment: The BEARHFTI will select and submit to the DTSC a single shipment of samples of covered products on a quarterly basis. Samples will be 10 grams to 100 grams in weight depending on sample availability. Each sample will be wrapped in heavy duty aluminum foil and then placed in a Ziploc Bag. Samples will be coded with an identification number by the BEARHFTI and no additional identifying information should be on, or with, the sample and no additional identification information will be submitted to the DTSC.

A DTSC Sample Submittal Form will accompany all samples (Exhibit A, Attachment 1). BEARHFTI will ship samples, FedEx, to the DTSC's Environmental Chemistry Laboratory (ECL):

700 Heinz Avenue, Suite 150
Berkeley, CA 94710-2721
Phone: (510) 540-3003
Fax: (510) 540-3615

- C. Chain of Custody: Both BEARHFTI and DTSC shall follow their respective chain of custody policies and procedures.
- D. DTSC Handling and Testing: Upon receipt of samples, DTSC's authorized personnel will review the shipment and complete the blank portions of the DTSC Test Sample Submittal Form. Sample information will then be entered into the Laboratory Information Management System and an ECL ID Number will be issued. Samples will remain under chain-of-custody in a secure part of ECL until all analyses have been completed and reports submitted to the BEARHFTI.

Samples will be tested for classes of flame retardants using a battery of techniques that range from elemental screening by x-ray fluorescence and/or inductively coupled plasma to confirmatory analysis for specific flame retardants by gas and liquid chromatography coupled to mass spectrometry. DTSC will not subcontract any duties associated with this Agreement.

- E. Results and Reporting: If any flame retardant is found at concentrations above 1,000 parts per million in a quantitative analytical test, no more analyses will be performed for additional classes of flame retardants in the same sample. DTSC's analytical report to the BEARHFTI will show, for each sample, the concentrations for the flame retardants tested while chemicals not tested for will be indicated as "Not Analyzed, or NA".

DTSC will complete analyses and submit results within three (3) months of sample receipt. If the report will not be completed within that time period due to resource issues or other technical difficulties, the DTSC will notify the BEARHFTI immediately.

DTSC will mail, at DTSC's expense, an originally signed report along with the DTSC Sample Submittal Form to the BEARHFTI. An emailed "soft copy" of the report will be sent, when possible, by DTSC.

- F. Liaison and Enforcement: DTSC will designate a liaison that BEARHFTI can refer manufacturers to when questions arise over testing performed by DTSC. In addition, in the event an enforcement action results in a hearing, DTSC will make appropriate personnel available to provide testimony.
- G. Development of Future Agreements: BEARHFTI and DTSC envision renewing this agreement annually each fiscal year, as long as California Business and Professions Code section 19094 requires the testing described herein. As part of the renewal process, BEARHFTI and DTSC will coordinate any changes in testing protocols and disclose such changes by May 1, 2016, prior to adopting the successor to this agreement on July 1, 2016.

**EXHIBIT A
Attachment 1**

DTSC Test Sample Submittal Form

Analysis No.: _____ **Contract No.:** _____

Contract Laboratory Location:

Name: California Department of Toxic Substances Control

Attention: Myrto Petreas, Ph.D., MPH,
Chief, Environmental Chemistry Branch

Address: 700 Heinz Avenue, Suite #150
Berkley, CA 94710

Phone: (510) 540-3624

Date sample shipped out to test lab: _____

Date sample received at test lab: _____ **Received by:** _____

I certify that the sample was received with the seal unbroken: _____

Item Shipped: _____

Product Description: _____

CR No. _____ **SR No.** _____

Tests to be performed:

Flame retardant chemical analysis

Submit test report to: Carrie Cathalifaud
4244 South Market Court, Ste. D
Sacramento, CA 95834-1243
Email: Carrie.Cathalifaud@dca.ca.gov

Note: Please include the original of this submittal form with your test report.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. **INVOICING AND PAYMENT**: For services satisfactorily rendered and upon receipt and approval of the invoices, the BEARHFTI agrees to compensate DTSC for actual expenditures incurred in accordance with the rates specified as follows:

Test for Phosphorus-containing flame retardants in a sample	\$ 750.00
Test for Bromine-containing flame retardants in a sample	\$ 750.00

Any instance where DTSC's costs will exceed \$1,500.00 per sample, prior authorization must be obtained from BEARHFTI.

Itemized invoices shall include the Agreement Number and be submitted, in triplicate, not more frequently than biannually:

Department of Consumer Affairs
Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation
Attn: Carrie Cathalifaud
Agreement Number: REQ0015694
P.O. Box 980518
West Sacramento, CA 95798-0518

2. **BUDGET CONTINGENCY CLAUSE**: It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to DTSC or to furnish any other considerations under this Agreement and DTSC shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability occurring to the State, or offer an Agreement Amendment to DTSC to reflect the reduced amount.

3. **PAYMENT**: Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1

Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 2, Part 1, Division 3, Title 2 of the Government Code of the State of California.

4. **NON-PAYMENT CLAUSE**: Pursuant to the Government Code Section 11255, departments that provide services to another department may recover outstanding receivables by initiating a Transaction Request with the State Controller's Office (SCO) to transfer funds from the debtor

department. The option shall be used on a limited basis and only when the following conditions are met: 1) the invoice was not paid by the requested due date; 2) non-payment provisions are included in the interagency agreement between the departments; 3) the invoice has not been disputed; and 4) a 30-day notice has been provided to the debtor department that a transfer of funds will be initiated for non-payment.

5. FISCAL YEAR BREAKDOWN:

The following was determined at the BEARHFTI and DTSC annual consultation meeting required pursuant to California Business and Professions Code Section 19094(c)(3)(D).

(August 1, 2015 or upon approval through June 30, 2016)

Added Flame Retardant Chemical Testing	\$1,500.00 per sample	x	Ten (10) Samples	\$15,000.00
Total for One (1) Year Term				\$15,000.00

Agenda Item 15a:

**Thermal Insulation Registry
Number Changes**

From: Ellis, Crystal@DCA [<mailto:Crystal.Ellis@dca.ca.gov>]
Sent: Friday, September 25, 2015 2:43 PM
Subject: Registry Numbers to be Eliminated for Thermal Insulation

To All Thermal Insulation Manufacturers:

In an effort to improve efficiency and better serve our clients, the Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation is in the process of reviewing our regulations and procedures regarding Thermal Insulation Licensing and registry numbers.

To streamline our processes, it has been decided that we will no longer issue Uniform Registry Numbers (URNs) to Thermal Insulation Manufacturers. As a result of the phase out of URNs, all manufacturers who print URNs on products, accompanying documentation or on their websites should remove the number for all insulation produced after January 1, 2016. You may use your license number in lieu of the URN. The license number should be in this format:

T XXXX

The XXXX represents the four digit license number and T is the license class. If your current license has a second letter (i.e. TA, TL) ignore the second letter (i.e. TA 0000 will now be T 0000) from this date forward.

Note: The Bureau is proposing regulatory revisions that will require the license number be printed on all labeling and reference documentation for insulation. Prior to these regulations taking effect, additional notice will be provided.

If you have any questions related to this notice, please contact Donald Watts at 916-999-2063. For questions related to the Thermal Insulation Directory or certification process, please contact Dr. Steve Fischer at 916-999-2060.

Agenda Item 15b:

Thermal Insulation Informal Regulatory Advisory

Standards for Insulating Material: Informal Development

For those interested in the Bureau's efforts to update its standards for insulating material. The Bureau plans to post on its website a "discussion draft" of proposed changes to the standard by the end of October and hold an initial workshop to receive comments on the draft near in early December. These initial discussions will be considered informal. Once the informal phase of this process is complete the Bureau will then move towards the formal phase of adoption where further comment and augmentation is expected.

To keep apprised of these activities, please subscribe to the Bureau's listserv at:

<https://www.dca.ca.gov/webapps/bearhfti/subscribe.php>

Additionally, all materials developed for this effort will be found on the following webpage: <http://www.bhfti.ca.gov/industry/advisory>

Finally, the Bureau plans to have several copies of the discussion documents available at its October 29, 2015 Advisory Council meeting as well.

Agenda Item 17:

Service Contractor Workgroup Agenda (October 22 2015)



**BUREAU OF ELECTRONIC AND APPLIANCE REPAIR
HOME FURNISHINGS AND THERMAL INSULATION**
4244 S. Market Ct, Suite D, Sacramento, CA 95834-1243
P (916) 999-2041 F (916) 921-7279 / www.bearhfti.ca.gov

**SERVICE CONTRACT WORKING GROUP
NOTICE & AGENDA**

Teleconference Meeting

Thursday, October 22, 2015, 10:00 a.m.
Bureau of Electronic and Appliance Repair,
Home Furnishings and Thermal Insulation

Meeting Location: Department of Consumer Affairs
4244 South Market Court, Suite D
Sacramento, CA 95834

Teleconference Phone Number: 866-842-2981
Participant Passcode #: 4598662

Unless noticed for a specific time, items may be heard at any time during the period of the meeting.

The Bureau welcomes and encourages public participation in its meetings. The public may take appropriate opportunities to comment on any issue before the Bureau at the time the item is heard. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment.

1. Purpose of the Working Group
 - a. Determine overall current industry trends and marketplace status
 - i. Offerings both inside/outside of Bureau's jurisdiction
 - ii. What to expect in the future from the industry
 - iii. Understanding business relationships (multiple entities)
 - b. Discuss and make recommendations regarding regulation of market
 - i. Adequate consumer protection
 - ii. Relevancy of Song-Beverly Consumer Warranty Act requirements and Bureau statute
 - c. Provide a report of findings (within an established timeframe), with recommendations
2. History of Bureau industry regulation – Current Law
3. Bureau Statute/Regulations vs. Department of Insurance
 - a. Home Protection Plans
 - b. Portable Electronic Devices (PED) Insurance
4. Bureau Observations/Findings
 - a. New Contract Offerings
 - i. "Blanket" contracts – no specific products/add-ons
 - ii. "Lifetime" warranties – what do they really mean?
 - iii. Re-branding of generic contracts
 - iv. Retail affiliate programs (volume buyers)
 - v. Companies offering both service contracts and PEDs

- b. File Audits
 - i. Insurance policies lacking cancellation clause
 - ii. Difficulty determining which contract offerings are in force
 - iii. Related sellers not tracked or connected, or change administrators

- 5. Licensing/Compliance Assistance
 - a. Best practices to streamline processes for initial licensing, renewals, subsequent contract filing and financial backing filing
 - b. Ensure filing of service contracts prior to its use
 - c. Failure to provide appropriate financial backing documents may result in a renewal being denied (Business & Professions Code Section 9855.3)
 - d. Recommendations for keeping seller information up to date
 - e. Contract filing consistency
 - i. Form numbers/revision dates
 - ii. Product clearly identified

- 6. Comments regarding Song-Beverly Consumer Warranty Act

- 7. Comments regarding the Bureau

- 8. Open Discussion

- 9. Adjournment

This meeting facility is accessible to the physically disabled. A person who needs a disability-related accommodation or modifications in order to participate in the meeting may make a request by contacting Victoria Hernandez at (916) 999-2055 or, for the hearing impaired, TDD (800) 326-2297; or by sending a written request to the Bureau at 4244 South Market Court, Suite D, Sacramento, CA 95834-1243, Attention: Victoria. Providing at least five working days' notice before the meeting will help ensure the availability of accommodations or modifications.

Interested parties should call the Bureau at (916) 999-2055 to confirm.

Agenda Item 19:

Regulation Proposal on License Numbers on Advertising

Regulation Proposal: License Numbers on Advertising

The Bureau performed a survey of the Department of Consumer Affairs 39 licensing programs and discovered two programs that have provisions within regulation requiring the placement of a license number on businesses advertising licensed activity similar to what was discussed at the July Advisory Council Meeting.

The Contractors State License Board

Applicable Regulation: 16 California Code of Regulations Section 861

As used in Section 7030.5 of the Code, the term "advertising" includes but is not limited to the following: any card, contract proposal, sign, billboard, lettering on vehicles registered in this or any other state, brochure, pamphlet, circular, newspaper, magazine, airwave or any electronic transmission, and any form of directory under any listing denoting "Contractor" or any word or words of a similar import or meaning requesting any work for which a license is required by the Contractors License Law.

Authorizing Statute: California Business and Professions Code section 7030.5

Every person licensed pursuant to this chapter shall include his license number in: (a) all construction contracts; (b) subcontracts and calls for bid; and (c) all forms of advertising, as prescribed by the registrar of contractors, used by such a person.

The Bureau of Real Estate

Applicable Regulation: 10 California Code of Regulations Section 2773(a)

(a) A real estate broker or salesperson, when engaging in acts for which a license is required, shall disclose its, his or her eight (8) digit real estate license identification number on all solicitation materials intended to be the first point of contact with consumers.

Authorizing Statute: California Business and Professions Code section 10140.6 (b) (1)

A real estate licensee shall disclose his or her license identification number and, if that licensee is a mortgage loan originator, the unique identifier assigned to that licensee by the Nationwide Mortgage Licensing System and Registry, on all solicitation materials intended to be the first point of contact with consumers and on real property purchase agreements when acting as an agent in those transactions. The commissioner may adopt regulations identifying the materials in which a licensee must disclose a license identification number and, if that licensee is a mortgage loan originator, the unique identifier assigned to that licensee by the Nationwide Mortgage Licensing System and Registry.