

**CALIFORNIA EARTHQUAKE AUTHORITY
CALIFORNIA RESIDENTIAL MITIGATION PROGRAM
GOVERNING BOARD MEETING
TELECONFERENCE MINUTES**

**Tuesday, August 31, 2021
1:00 p.m.**

1-323-886-4439; Conference ID Number 742 834 528#

Members of the California Residential Mitigation Program (CRMP) Governing Board in attendance:

Laurie Johnson, Chair, CRMP Governing Board
Lori Nezhura, Vice Chair Appointee, Deputy Director, California Office of Emergency Services (Cal OES)
Jim Lombard, CEA Appointee, CRMP Governing Board
Alex Pal, Chief Legal Counsel, Cal OES

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director, CRMP
Jacqueline Ball, CRMP Program Analyst
Annde Ewertsen, Managing Director, CRMP
Mark Grissom, Customer Service Manager
Benjamin Kirwan, Treasurer, CRMP
Seth Merewitz, Counsel, CRMP
D'Anne Ousley, Communications Specialist
Ludmilla Svanyuta, Program Manager, Internet Technology
Anthony Tassone, Financial Reporting Lead

Also Present:

Dan VanDreumel, Plante Moran, PLLC
Michelle Goss, Plante Moran, PLLC

1. Call to order and member roll call.

Chair Johnson called the meeting to order at 1:03 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the June 1, 2021, Governing Board Meeting.

MOTION: Mr. Lombard moved approval of the June 1, 2021, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Ms. Nezhura seconded. Motion carried unanimously.

3. CRMP independent auditors, Plante Moran, PLLC, will present the Report of Audit on CRMP Annual Financial Statements (2020) and Single Audit (2020).

Dan VanDreumel, Senior Manager, Plante Moran, PLLC, provided an overview, with a slide presentation, of the audit process, required communications under AU 260 for the 2020 CRMP audit, and single audits performed for CEA and CRMP. He stated the CRMP expended more than \$750,000 in federal award funds during 2020, which triggered the new requirement of a single audit.

Mr. VanDreumel stated the single audit audits the transactions or funding going out to ensure compliance with the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program and that the reimbursement for that funding was properly recorded and received. He noted that the CEA was also subject to a single audit due to serving as a pass-through entity that received federal award funds and dispersed them to the CRMP to carry out the federal program. He stated the audit has been completed, was a clean audit, and is under budget.

4. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of June 30, 2021.

Benjamin Kirwan, CRMP Treasurer, provided an overview, with a slide presentation, of the CRMP financial information as of June 30, 2021.

5. CRMP Executive Director Janiele Maffei will present her executive report.

Janiele Maffei, CRMP Executive Director, updated the Governing Board on the CRMP and CEA mitigation interests and projects:

Earthquake Brace + Bolt (EBB) and CEA Brace + Bolt (CEA BB) Retrofits to Date

- Retrofits strengthen four vulnerabilities: cripple wall, living-space-over garage, hillside house, and chimney.
- Over 15,500 retrofits have been completed to date.
- Supplemental Grants will be included in the next retrofit registration cycle, which will provide 100 percent of the funds needed to help strengthen houses in disadvantaged communities.

Legislative Efforts

- The Disaster Mitigation and Tax Parity Act is a bill that would make rebates that homeowners receive to make natural disaster mitigation improvements to their homes exempt from federal taxes.
- This bill has no significant opposition.
- This bill includes earthquake, wildfire, and wind and is multi-state to make housing more resilient to natural disasters.

Mean Retrofit Costs

Ms. Maffei stated retrofit data from the approximate 16,000 retrofits completed to date is being tracked by program, by pre-COVID, COVID, and quarter, and by year to establish the mean retrofit cost and to ensure that the retrofit grant is always relevant and is used to ensure that the Supplemental Grant Program funding can meet the needs of as many homeowners as possible. She deferred to Annde Ewertsen to provide details on the data tracking effort.

Annde Ewertsen, CRMP Managing Director, provided an overview, with a slide presentation, of the mean retrofit cost data, definitions, and data range. She showed bar charts for each area being tracked.

Ms. Maffei stated she was glad to see that the retrofit program was not greatly impacted by the cost increases and material shortages that have occurred during the COVID-19 pandemic. She stated the data being tracked has been very helpful. She thanked Ms. Ewertsen and her team for their work in tracking the data and putting the reports together.

Questions and Discussion

Chair Johnson referred to the Total Mean by Year presentation slide and asked if the increased cost for retrofits in 2017 were in response to the Northern California wildfires.

Ms. Maffei stated it was. She noted that it was extremely difficult to find contractors in 2017. Although the core group working in the EBB program tend to be seismic retrofit contractors and do not also do the kind of work required in the fire zones, the California wildfires created all-around pressure in the construction industry.

Chair Johnson stated it is interesting that those higher cost levels were not again reached during the COVID-19 pandemic.

6. CRMP Managing Director Annde Ewertsen will present the CRMP Mitigation (Earthquake Brace + Bolt) update.

Annde Ewertsen, CRMP Managing Director, provided an overview of the EBB staff efforts, CRMP and CEA Earthquake Brace + Bolt Programs by program cycle, retrofit funding type by year completed, EBB Program contractors, future funding opportunities, regional differences, engineered and non-engineered retrofits, and withdrawn applications and completion rates. She stated the new EBB Program website is expected to launch by the end of the year. The legal services contract has been extended for another three years and an extension is forthcoming for HMGP DR 4344 to allow homeowners to complete their retrofits. She noted that the homeowner packets were redesigned, resulting in a 39 percent cost savings for their distribution.

Questions and Discussion

Mr. Pal stated California just received another major disaster declaration for the Northern California wildfires. There may be opportunities to apply in the near future.

7. CRMP Managing Director Annde Ewertsen will present the new Inspection Services Agreement, for approval.

Ms. Ewertsen provided an overview, with a slide presentation, of the background and analysis of the agreement for site inspection services for completed retrofits. She stated the current contract with Twining, Inc. expires on September 15, 2021. Two proposals were received and scored and interviews were conducted with both applicants. The winning proposal was from Twining, Inc. Staff negotiated a three-year Services Agreement, which will expire on July 31, 2024.

MOTION: Mr. Lombard moved approval of the new Services Agreement with Twining, Inc. for inspection services, as proposed. Mr. Pal seconded. Motion carried unanimously.

8. CRMP Managing Director will present the Supplemental Grant Process and Implementation, for approval.

Ms. Ewertsen provided an overview, with a slide presentation, of the background, analysis, process flow chart, eligibility considerations, maximum grant amounts by region and type of retrofit, increasing accessibility, adherence to the Insurance Code, and potential future program enhancement for the Supplemental Grant Program. She stated large numbers of low-income individuals live in rental units with no direct control over the decision to

retrofit. A change to future programs is being considered to allow for the participation of rental properties.

Staff Recommendations:

1. Approve staff to continue implementation of a pilot funding source that will provide a supplementary grant to low-income EBB participants as defined by California Insurance Code Section 10089.396. The low-income household threshold will be \$72,080 for the 2022 program year.
2. Approve maximum grant amounts based on region and retrofit type, as follows: Northern California – bolt-only supplemental grant will be a maximum of \$2,800 and brace and bolt will be a maximum of \$7,000; and Southern California – bolt-only supplemental grant will be a maximum of \$1,125 and brace and bolt will be a maximum of \$2,650.
3. Approve the addition of \$1 million to be added to 2022 CRMP budget. The supplemental grants will be available in the program beginning with the next open EBB program.

Questions and Discussion

Ms. Nezhura referred to the presentation slide on the maximum grant amounts by region and type of retrofit and stated the estimated percentage of homeowners who will be offered the supplemental grant is a good number.

Ms. Ewertsen noted that the percentage could be even higher once all the numbers come in. The cost of retrofits in some areas is lower than average. These estimates were a great first step in determining how a program might be administered with a maximum grant amount that was set at a level that would maintain the average cost of a retrofit at \$3,000.

Ms. Nezhura referred to the presentation slide on accessibility and asked if there is a plan to train the “trusted local organizations” and encourage them to do house-to-house, in-language outreach to educate homeowners on the need for seismic retrofits and about this program that can help make their homes safer.

Ms. Ewertsen stated packets of information and training will be provided to those trusted sources and door-hangers will be put in specific neighborhoods.

Mr. Lombard stated appreciation that the definition of low-income for this program was leveraged from the Insurance Code. This will go a long way to assist in implementation. He also stated appreciation that a cap was established to manage the program without waiting to see the reimbursement amount.

Chair Johnson agreed and stated a lot of thought went into this about how to administer the program efficiently without creating a difficult evaluation process in the future.

MOTION: Mr. Pal moved approval of the staff recommendation. Ms. Nezhura seconded. Motion carried unanimously.

9. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.

There were no questions or comments from the public.

10. Adjournment.

Chair Johnson thanked everyone for their participation and asked for a motion to adjourn.

MOTION: Mr. Lombard moved to adjourn the meeting. Ms. Nezhura seconded.
Motion carried unanimously.

There being no further business, the meeting was adjourned at 2:14 p.m.