

**CALIFORNIA RESIDENTIAL MITIGATION PROGRAM
GOVERNING BOARD MEETING
MINUTES**

**Friday, February 21, 2014
1:00 P.M.**

Location: Office of the California Earthquake Authority
801 K Street, 10th Floor
Main Conference Room
Sacramento, California

Members of the CRMP Governing Board in attendance:

Christina Curry, Deputy Director, California Office of Emergency Services
Dan Dyce, Claim Manager, California Earthquake Authority
Brendan Murphy, Deputy Director, California Office of Emergency Services
Mitch Ziemer, Insurance Director, California Earthquake Authority

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Bill Donovan, Counsel
Marianne Knoy, Mitigation Program Manager
Danny Marshall, Secretary
Tim Richison, Treasurer and Auditor
Celia Luna, Customer Care Representative

1. Call to order and member roll call

The meeting was called to order at 1:05 p.m. A quorum was achieved.

2. Consideration and acceptance of letters of appointment

Letters of appointment for the members of the Governing Board were presented and accepted and are attached to these minutes.

3. Election of a board chair and vice chair

MOTION: Board Member Dyce moved to elect Mitch Ziemer as chairperson, and Board Member Murphy moved to elect Christina Curry as vice chairperson of the Governing Board. Motions carried unanimously.

4. Consideration and approval of the minutes of the September 17, 2013, CRMP board meeting

Chair Ziemer noted the word “pilot” was duplicated in the second line of Item 5 on page 3.

MOTION: Vice Chairperson Curry moved to approve the September 17, 2013, California Residential Mitigation Program Governing Board Meeting Minutes as corrected. Board Member Murphy seconded. Motion carried unanimously.

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

Executive Director Maffei welcomed new Governing Board members Dyce and Murphy.

She stated she will continue to update the Board on the California Earthquake Authority's (CEA) mitigation program guidelines project because it informs and affects the CRMP. The guidelines (now called "pre-standards") is an important document intended to be adopted into the existing California building code. The building code is now a bookshelf full of standards, adopted by various states and entities by reference. The project goal is to develop a pre-standard that will turn into a standard that the State of California can adopt. A group of engineers, geoscientists, building officials, and contractors met for the first time and created a Project Team and a Steering Committee. The first draft of the pre-standard is expected by the end of this year.

She stated her appreciation to the Governing Board members and staff who helped put the pilot phase of the Earthquake Brace + Bolt program and website together. She noted staff has received positive feedback from homeowners and contractors about the website.

6. CRMP Treasurer, Tim Richison, will present for approval the CRMP 2014 budget.

Treasurer Richison distributed the 2013 budget and expenditure report and the proposed 2014 budget attached to these minutes. He noted that 38 percent of the 2013 budget was used. A large portion of the unused budget was for incentive payments that have not yet been disbursed to homeowners participating in the pilot program.

He noted that the 2014 budget may need to be changed during the year due to the planned expansion of the Brace + Bolt program. The total proposed budgeted expenditures for 2014 is \$1.4 million, compared to \$1.6 million for -

2013. The 2013 budget was higher due to start-up expenses. The goal continues to be that the Brace + Bolt program will process enough retrofits to make \$500,000 in incentive payments for the year.

Board Member Dyce stated that it should not be a long-term goal to devote a high percentage of expenditures to contracted services (\$900,000 in 2013). Treasurer Richison explained that the Brace + Bolt marketing plan accounted for half of the \$900,000 and that apart from those expenditures CRMP had a reasonable-looking budget.

Vice Chair Curry observed that CRMP will still be conducting the pilot in 2014, and that the consumer incentive line item may be expected to expand, while the marketing line item will remain static.

Executive Director Maffei stated staff is conscious of that proportion. She noted that there will be development costs for the expansion marketing program.

MOTION: Board member Dyce moved to approve the proposed 2014 California Residential Mitigation Program Budget as presented. Vice Chair Curry seconded. Motion carried unanimously.

7. Mr. Richison will present for discussion and adoption a resolution accepting contributions of funds from the CEA, and to accept the use of personnel, equipment, and property contributed by the CEA

Treasurer Richison stated staff is proposing that Governing Board approval of CEA contributions be open-ended to prevent possible disruption of CRMP operations. All CEA contributions will continue to require the prior written approval of the California Office of Emergency Services (Cal OES).

MOTION: Board Member Murphy moved to adopt a resolution that the California Residential Mitigation Program accepts each contribution offered by the California Earthquake Authority of funds, personnel, equipment, and property, subject to obtaining the prior written consent of the California Office of Emergency Services for that contribution. Board Member Dyce seconded. Motion carried unanimously.

8. Mr. Richison will present a finance update

Treasurer Richison provided Board Members with the financial statements for CRMP as of December 31, 2013, attached to these minutes. He pointed out that, although the year end cash balance on the balance sheet was \$766,386, there was \$61,283 accrued for expenses incurred in 2013 that will be paid in 2014, bringing the total balance to be carried forward into 2014 to \$705,103.

9. Program Manager Marianne Knoy will present an update on the Earthquake Brace + Bolt project

Program Manager Knoy reported that the Earthquake Brace + Bolt (EBB) pilot project launched in September 2013, and provided up to \$3,000 to qualifying homeowners for covered expenses related to the seismic retrofit of their houses.

She showed a video that provided examples of what individuals are saying in the field. She expressed her appreciation to Ogilvy Public Relations for putting the video together. The video tells the story of the program and demonstrates how homeowners are responding to it.

She stated staff is receiving positive feedback from homeowners, but, in order to reach homeowners, they had to do an aggressive, focused marketing campaign. With fourteen articles printed and nine public events, approximately 800,000 homeowners were reached. The goal of the advertising was to drive homeowners to the CRMP

website to register for the EBB pilot project. Publications were sent not only to homeowners, but to real estate agents, contractors, and policy makers in Oakland and Los Angeles.

Of the 3,000 people that visited the website, 653 took the pre-qualification survey, 460 passed, 302 registered, 231 homeowners in the pilot areas in Oakland and Los Angeles met all the requirements to qualify to be in the drawing, and ten names were drawn in each pilot area to be part of the EBB pilot project.

The EBB participants are required to obtain a permit, hire a contractor, complete the retrofit, and submit documentation by March 31, 2014. The payment is considered taxable income and participants or their contractors will receive a Form 1099-MISC at the end of the year. Staff will submit the paperwork to the CEA for processing as they are received. The CEA has paid three to date.

The first retrofit was for \$3,635. The contractor received \$3,000 and the homeowner was only responsible for \$635. The average cost per retrofit is approximately \$3,500.

Program Manager Knoy pointed out the education program on the website, and stated homeowners are encouraged to use contractors and can search a registered contractor list kept on the website.

Chair Ziemer asked how many contractors have registered on the website. Program Manager Knoy stated sixteen contractors are on the contractor list, and said that more work needs to be done to recruit contractors to the website list.

Building officials are requested to ensure that retrofit work is done in compliance with Chapter A3 or the municipality's adopted plan set. She noted that both Oakland and Los Angeles have adopted plan sets that are in accordance with Chapter A3.

The next steps are to complete the pilot, to present the program evaluation to the Board in July, to plan for project expansion, and to develop a marketing plan to coincide with that.

Executive Director Maffei added that contractors may be the best market. Building officials may be a challenge, because of the limited staffing in building departments and the reliance on the permit process for quality control.

Chair Ziemer asked if acceptable municipality plan sets are referenced on the website.

Program Manager Knoy stated there are links available on the website, but there is some language that needs to be modified.

Executive Director Maffei added that the processes are streamlined on the website; for example permits and inspections are handled online.

Chair Ziemer asked if anything was learned from the five failed verification inspections out of the twenty-one.

Program Manager Knoy stated two failed because they did not schedule inspections, one had a full basement, one had a cripple wall higher than four feet, and one had an inaccessible crawlspace.

Executive Director Maffei suggested educating homeowners on the qualifications of the project by adding more information and visual references to the website in an effort to decrease the failure rate.

Vice Chair Curry asked if the 653 homeowners taking the survey was a good percentage, based on the number of residents in the pilot area zip codes.

Program Manager Knoy stated there are 12,000 homes in the four zip codes that meet the criteria of being older than 1940 and having a cripple wall of four feet or less according to census data. The number of homeowners that took the survey met staff's expectations.

Vice Chair Curry stated it was anticipated that each retrofit project would cost approximately \$5,000. She asked if the lower average cost realized will remain consistent, or if it was due to good timing or special price breaks.

Program Manager Knoy stated the first homeowner to complete the project had a repeat-customer price break with his contractor, he did not require repair work to be done, and the foundation was in good condition. She stated it is likely the average cost will be higher, and she gave the example of a homeowner who was given a bid of approximately \$25,000.

Executive Director Maffei estimated that \$3,000 to \$5,000 will be the cost to retrofit these kinds and sizes of houses. As the project is expanded into other communities, the average cost to retrofit may be higher.

10. Ms. Maffei will present for approval the proposed meeting calendar for 2014

Board Members approved the attached meeting calendar.

11. 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 comments or requests from members of the public pertaining to CRMP or the Governing Board.

12. Adjournment

There being no further matters to consider, Chair Ziemer adjourned the meeting at 2:07 p.m.