

As approved by the CRMP Governing Board at its meeting on Tuesday, May 17, 2016

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

**Tuesday, March 22, 2016
1:00 p.m.**

Location: Governor's Office of Emergency Services (Cal OES)
Multipurpose Room 2
3650 Schriever Avenue
Mather, California

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

Mitch Ziemer, Chair, Insurance Director, California Earthquake Authority (CEA)
Christina Curry, Vice Chair, Deputy Director, Cal OES
Dan Dyce, Consultant, California Earthquake Authority
Nancy Ward, Chief Deputy Director, Cal OES

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Bill Donovan, Counsel
Sheri Aguirre, Managing Director
Danny Marshall, Secretary
Tim Richison, Treasurer
Jacqueline Ball

Also Present:

No members of the public addressed the governing board.

1. Call to order and member roll call.

Mr. Ziemer called the meeting to order at 1:01 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the February 9, 2016, CRMP governing board meeting.

MOTION: Ms. Ward moved approval of the February 9, 2016, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Dyce seconded. Motion carried unanimously.

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

Ms. Maffei updated the governing board on the CEA's mitigation projects:

- ATC 110 – prototypical houses in the three categories of houses – high cripple walls, soft story residences (living space over a garage), and hillside homes – have been identified and computer models are currently being developed to compare capacity with demand for better performance outcomes
- South Napa earthquake research – Phase 1 (survey of homeowners) is complete and fifty Phase 2 (visit and inspect homes) participants have been selected
- Mitigation discount research – contract negotiations are ongoing
- Federal Emergency Management Agency (FEMA) P-50 training for home inspectors is ongoing

Mr. Ziemer held the remainder of the executive report until after Ms. Curry's arrival. See discussion after Agenda Item 5, below.

4. CRMP Treasurer Tim Richison will present a financial report.

Mr. Richison provided an overview, accompanied with a slide presentation, of CRMP financial information as of December 31, 2015, and for the month of January 2016. Forty-five percent of the 2015 budget remained unspent at the end of the year.

5. CRMP Managing Director Sheri Aguirre will present an update on the Earthquake Brace + Bolt (EBB) program and the Napa Earthquake Brace + Bolt (Napa EBB) program.

Ms. Aguirre provided an overview, accompanied with a slide presentation, of the 2015, 2016, and Napa EBB programs.

Of the 600 retrofit goal for 2015, 503 retrofits have been completed and 81 additional homeowners have taken out building permits. Those permits are expected to be closed out before the May CRMP board meeting.

The 2016 EBB goal is to complete 1,600 retrofits – 600 retrofits funded by CEA contributions and 1,000 retrofits funded by \$3 million in state funding and CEA contributions. There was a 50 percent withdrawal rate in the 2015 program, so twice the anticipated number of retrofits have been accepted into the program at the outset of the 2016 program to allow for possible withdrawals. If all 3,200 accepted retrofits go through, additional funding would be required and would be requested from the CEA.

Christina Curry arrived at 1:16 p.m.

Ms. Aguirre passed out the new homeowner packets. Each packet contains a letter outlining the retrofit process, a program booklet, and documentation to lead the homeowner step-by-step through the EBB program. The homeowner packet also contains a packet intended to be given to contractors, with information on their roles and responsibilities, program and contractor rules, and a checklist to help them review the house to ensure the house qualifies for the program.

Ms. Aguirre reviewed the Napa EBB program. She stated there are currently 240 homeowners who registered for the program and are going through the selection process. Ms. Aguirre stated Napa homeowners will also receive the new homeowner packets specifically for the Napa EBB program.

Continuation of Agenda Item 3, the CRMP Executive Director Report:

Mr. Ziemer asked Ms. Maffei to present the remainder of the executive report now that all members of the governing board were present.

Ms. Maffei provided an overview, accompanied with a slide presentation, of the target, focus, commitment, launch, benefits, and administration of the CEA pilot risk-reduction program. She asked board members to review the CEA governing board materials included in their CRMP meeting packet to help CRMP board members understand the process to date to develop a CEA pilot risk-reduction program to provide retrofit incentives to selected CEA policyholders.

The CEA governing board approved spending up to \$12 million in CEA capital funds to finance this pilot program, to be launched in the third quarter of 2016 to 3,400 qualified CEA policyholders. This program will have a different launch date from the CRMP programs to ensure adequate numbers of contractors and staffing.

Ms. Ward asked if the public will be confused by the two programs. Ms. Maffei stated the CEA risk-reduction participants will be contacted by letter that directs them to a specific, separate website and toll-free number.

Ms. Curry asked about the advertising for the CEA pilot program. Ms. Maffei stated there is no need to advertise. The CEA pilot program only includes existing, qualified policyholders who will be sent a letter inviting them to participate in the program. The program launches for the CEA program and the CRMP programs will be staggered so homeowners will not inadvertently sign up for both programs simultaneously.

Ms. Curry asked if homeowners who sign up for the EBB program will be informed about the CEA program launching later in the year so they can sign up for the CEA program to create less competition for spots in the EBB program. Ms. Maffei stated that is a possibility for future launches, but the 2016 EBB participants have already been selected at this point.

Ms. Aguirre stated it makes sense for homeowners to go through the CEA program because they are guaranteed a spot and it frees up spots for non-CEA homeowners in the EBB program.

Ms. Ward stated her concern over staffing and support capacity to handle the potential number of retrofits these programs may create. She asked how staff will handle 1,700 retrofits this year, if the two-for-one average holds, compared to the 500 completed last year.

Ms. Maffei stated the question of scale was addressed in 2015 when \$3 million in State of California funding was appropriated for the EBB program. Additional staff was hired in anticipation of the additional 1,000 retrofits for 2016. Ms. Maffei stated she is confident that her CEA staff can handle the increased workload, particularly in staggering the start dates of the CEA program and the EBB program..

Mr. Richison stated that the CEA program is a cost-effective measure that will benefit all CEA policyholders because it will lower the CEA's risk. Policyholders in low-risk areas will not have to carry the burden for high-risk policyholders.

Ms. Maffei stated a Memorandum of Understanding (MOU) will be developed between the CEA and the CRMP and lessons learned from the EBB program will be utilized for the CEA risk-reduction program.

Mr. Ziemer asked for additional information at the next CRMP meeting about flagging CEA policyholders that apply for EBB to encourage them to participate in the CEA's risk-reduction program instead.

Ms. Maffei confirmed that the CEA program is a CEA program and not a CRMP program and that the CEA expects to continue to fully support the CRMP program and that CRMP projects are not expected to be adversely affected by the CEA pilot risk-reduction program.

6. Ms. Aguirre will present for approval criteria for determining the number of homeowners initially selected by ZIP Code or group of ZIP Codes as participating homeowners for the EBB program.

Ms. Aguirre provided a description, accompanied with a slide presentation, of the allocation process for determining how many program spaces for participating homeowners are allocated to a ZIP Code or group of ZIP Codes for each phase of the EBB program.

Ms. Ward asked if the EBB selection process was at a point where CEA homeowners can be moved over to the pilot risk-reduction program. Ms. Aguirre stated the program was approved last week so nothing could be done prior to that, but it is now a possibility.

Ms. Curry asked if the criteria for determining the target ZIP Codes needs to be published and made available to the public. Mr. Donovan stated the approval of the criteria formalizes an underlying procedure so it does not need to be put into the rules at this time. Ms. Maffei stated the criteria can be put into the rules for the next expansion of the EBB program..

MOTION: Mr. Dyce moved approval of the criteria for homeowners selected by ZIP Code or group of Zip Codes as presented. Ms. Ward seconded. Motion carried unanimously.

7. Ms. Aguirre will present for approval updates to the rules for the EBB program and the Napa EBB program and the privacy policy for the CRMP websites.

Ms. Aguirre stated the agenda item title states it is for the rules for the EBB program and the privacy policy, but that no updates to the rules will be presented at this meeting. She presented a proposed update of the privacy policy that would, among other things, allow CRMP to share data with FEMA to ensure that the addresses are eligible for the Napa EBB program and give CRMP the right to research how retrofits performed during an earthquake.

MOTION: Ms. Ward moved approval of the proposed update to the privacy policy. Ms. Curry seconded. Motion carried unanimously.

8. Ms. Aguirre will present for approval a Request for Qualifications and Proposal for Marketing and Public Relations Services.

Ms. Aguirre stated that the current vendor's contract expires in May. Ms. Aguirre discussed the proposed Request for Qualifications (RFQ) and pointed out that it is similar to the previous RFQ. Ms. Aguirre referenced page 32 of the RFQ and stated that Work Plan 3(c) has been added, which is "outline your firm's recommended marketing strategy and tactics for our program."

MOTION: Mr. Dyce moved approval of the Request for Qualifications and Proposal for Marketing and Public Relations Services as presented. Ms. Curry 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.

Mr. Ziemer adjourned the meeting at 2:14 p.m.