

As approved by the Governing Board on Monday, December 12, 2022.

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

**Tuesday, August 23, 2022
1:00 p.m.**

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)
Jennifer Bollinger, Chief Counsel, Cal OES
Jim Lombard, CEA Appointee, CRMP Governing Board

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director, CRMP
Annde Ewertsen, Managing Director, CRMP
Benjamin Kirwan, Treasurer, CRMP
Seth Merewitz, Counsel, CRMP
Maura White, Program Analyst, CRMP

Also Present:

David Bonowitz
Colin Feguer, Plante Moran, PLLC
Michelle Goss, Plante Moran, PLLC
Don Schinske, SEAOC

1. Call to order and member roll call.

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

2. Consideration and approval of the minutes of the May 3, 2022, CRMP Governing Board Meeting.

MOTION: Ms. Nezhura moved approval of the May 3, 2022, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Lombard seconded. Motion carried unanimously with one abstention.

3. CRMP Executive Director Janiele Maffei will present designation of Jennifer Bollinger, Chief Counsel, Cal OES, to act for Governing Board member Alex Pal, Chief Legal Counsel, Cal OES, at meetings of the Governing Board beginning on August 23, 2022.

Janiele Maffei, CRMP Executive Director, introduced New Governing Board member Jennifer Bollinger, Chief Counsel Cal OES.

Chair Johnson welcomed Ms. Bollinger on behalf of the CRMP Governing Board.

4. CRMP independent auditors, Plante Moran, PLLC, will present the Report of Audit on CRMP Annual Financial Statements (2021) and Single Audit (2021).

Colin Feguer and Michelle Goss, representatives of Plante Moran, PLLC, provided a slide presentation overview of the audit process, required communications under AU 260 for the 2021 CRMP audit, and single audits performed for CEA and CRMP. The CRMP expended more than \$750,000 in federal award funds during 2021, which triggered the new requirement of a single audit. 2020 was the first year a single audit was performed.

The use of federal award funds expended by CRMP were audited to ensure compliance with the Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program. 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. Plante Moran issued an unmodified “clean” opinion on the audited financial statements.

Public Comment

There was no public comment.

5. Consideration and approval of the following: (1) Adding an item to the agenda that requires immediate action that came to the attention after the agenda was published in compliance with Gov’t Code 11125.3 (requires 2/3 approval), and (2) Consideration of Board action on approving a public relations contract with KP Consulting, if deemed necessary by the Managing Director and authorizing the Executive Director to negotiate and finalize the agreement.

Chair Johnson tabled this agenda item to the next Board meeting.

6. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of June 30, 2022.

Benjamin Kirwan, CRMP Treasurer, provided a slide presentation overview of the CRMP financial information as of June 30, 2022.

Discussion

Chair Johnson referred to the Budgeted Expenditures and Actual Expenditures slide and noted that the figures in the Revenue section of the slide reflect that some of the grants have taken longer than expected to come in.

Mr. Kirwan agreed and stated nothing was budgeted for FEMA 4308 because the \$80 million had not been awarded by the end of 2021, FEMA 4407 ESS has not incurred any expenditures, and FEMA 4407 EBB is behind schedule.

Public Comment

There was no public comment.

7. **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 as identified in the Applied Technology Council (ATC) 110 Research Project: cripple wall (mitigated by the EBB Program), living-space-over-garage (mitigated by the ESS Program), hillside house, and chimney.
 - The Earthquake Brace + Bolt (EBB) Program mitigates the cripple wall vulnerability.
 - The Earthquake Soft-Story (ESS) Program mitigates the living-space-over-garage vulnerability.
- Over 17,000 retrofits have been completed to date.
- The most recent grant of \$80 million will more than double this number of retrofits.
- Registration is open October 18th to November 29th.
- Approximately 15,000 grants are available in 521 ZIP Codes.

Earthquake Soft-Story (ESS) Program

- The ESS Program to mitigate the living-space-over-garage vulnerability will launch early next year to address this pervasive and dangerous problem.
- CRMP is on the short list for the 2021 FEMA Building Resilient Infrastructure and Communities (BRIC) grant for \$20 million to open pilot programs in Alameda, San Francisco, and Los Angeles Counties.
- The number-one residential target among the earthquake engineering community in California is the multi-family soft-story, which will be part of the Multi-Family Soft-Story (MFSS) Retrofit Grant Program.
- Hazard mitigation plans need to be updated and re-submitted for FEMA approval every five years to maintain eligibility for various assistance programs. This is a great way for cities to identify their seismic vulnerabilities and to publicly state their mitigation plans.

Legislative Efforts

- The Disaster Mitigation and Tax Parity Act is no longer a part of the Build Back Better Act. 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. The bill now includes wildfire and wind mitigation.

Mean Retrofit Costs

Ms. Maffei stated retrofit data from the 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 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 a slide presentation overview of the mean retrofit cost data, definitions, and date range. She showed bar charts for each area being tracked.

Public Comment

Don Schinske, Executive Director, Structural Engineers Association of California (SEAOC), stated the SEAOC has experts available to provide input where appropriate.

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

Ms. Ewertsen provided a slide presentation overview of the EBB staff efforts, CRMP and CEA Earthquake Brace + Bolt Programs by program cycle, retrofit funding type by year completed, future funding opportunities, supplemental grant amounts and implementation, EBB Program contractors, regional differences, engineered and non-engineered retrofits, and withdrawn applications and completion rates. She reviewed new slides on paid applications, when a permit was received, and extension requests.

Ms. Maffei referred to Slide 83, Supplementation Grant Implementation, and stated in order for Supplementation Grant applications to go from accepted to qualified, the applicants must fill out a simple form that allows the outside consultant to look up their household income.

Ms. Ewertsen continued the slide presentation and provided an update on HMGP DR 4407, new staff and BRIC, and the 2022 EBB Registration marketing Plan. She stated HMGP DR 4407 is the \$5 million grant that is part of the ESS Program. She stated the \$3.5 million dollar amount has not yet been expended as a result of delays in the program due to the need to have a training in place. The training will be available in the near future and the ESS Program is expected to open for registration in January of 2023.

Discussion

Ms. Nezhura asked if that simple form is available in multiple languages and in audio form.

Ms. Ewertsen stated the form is available on the website. She did not know if language browsers translate the form. She noted that translation services are available for call-in assistance.

Chair Johnson referred to Slide 88, Regional Differences, and asked how costs have changed over time and how necessary adjustments can be made to make the costs more realistic.

Ms. Ewertsen stated the grant amount is set at the base cost.

Chair Johnson asked staff to present current retrofit costs at the next Board meeting.

Ms. Nezhura stated Cal OES is doing outreach around the Great California ShakeOut at the same time of the EBB Registration Marketing Plan. Cal OES plans to do an earthquake simulator tour. She suggested that CAL OES partner with CRMP in these marketing efforts.

9. CRMP Managing Director Annde Ewertsen will update the Board on SB 189 and request the Board consider funding for planning purposes.

Ms. Ewertsen provided an update on the overview, limitations, and analysis of Senate Bill (SB) 189.

Staff Recommendation:

Authorize CRMP staff to open up discussions with the CEA regarding appropriate and available mechanisms to fund the expense of planning and developing a multi-family, soft story program, including, among other options, a loan to CRMP from the CEA's Loss Mitigation Fund. If an available mechanism is identified and funding becomes available, the CRMP board delegates authority to the Executive Director to accept the funding on behalf of the CRMP.

Discussion

Mr. Lombard asked if the appropriation of the \$250 million would pay back this loan, if BRIC funds could be used to offset those expenditures, or if it would require additional language in the legislation that would allow for that retainment.

Ms. Ewertsen stated staff is in discussion with CEA to better understand the ramifications and has not yet learned if these would be possible.

Ms. Bollinger stated her understanding that SB 189 does not allow for the expenditure of administrative costs prior to appropriation. She asked how that can be reconciled with expending funds by obtaining a loan.

Ms. Ewertsen stated staff will work with general counsel and the CEA prior to making a decision. Language was put into the bill to protect CEA policyholder funds. A loan from the CRMP, which is not CEA policyholder funds, might be a possibility.

Ms. Nezhura asked if the CRMP Board will be included in the plan development process.

Ms. Ewertsen stated the plan is to ask the CEA if they are willing to work with CRMP on this potential. A draft plan would be brought before the CRMP Board for review and input.

Chair Johnson stated there are many activities that go on between the two sentences in the staff recommendation. She stated Board members are concerned with how CRMP would repay the loan. She suggested adding the word "grant" so it would read "... among other options, a grant or loan to CRMP from the CEA's Loss Mitigation Fund."

Chair Johnson agreed with Ms. Nezhura about the importance of understanding what happens between the first and second sentences about authorizing the Executive Director to accept funding without seeing the plan or learning the amount of the loan.

Ms. Ewertsen stated there is funding in the Loss Mitigation Fund that funds the EBB and ESS programs when they are not FEMA funded. This would be an at-risk loan because there is a possibility it would not be paid back to the Fund.

Ms. Nezhura stated she has no issues with the staff recommendation as it is made assuming that this is an eligible use of the funding and giving the Executive Director the authority to accept the funding. She stated the need to learn about the costs that would be paid with this funding, preferably before that occurs.

Ms. Maffei suggested adding language about delegating authority pending a presentation from staff to the Board on what the funding will be spent on and that work will be paid for prior to July 1st.

Ms. Nezhura agreed and suggested further discussion at future meetings on what the anticipated cost would be in the planning and development of the program prior to expending the funding.

Chair Johnson suggested adding to the end of the first sentence “pending a presentation to the Board on the plan and anticipated costs.”

Ms. Bollinger asked Counsel about the expenditure authority for these administrative costs prior to the appropriation. She asked about options on what it is the Board is granting authority for.

Seth Merewitz, Counsel, CRMP, stated, while the legislation mentions that administrative expenses developing and administering the program shall not be paid from a source other than the funds appropriated pursuant to this article, these funds have not yet been appropriated. The proposed motion is to have start-up funding coming through CEA to begin working on these matters prior to the legislative appropriation. The ability to prepay the loan with the appropriated funds will depend on the approved appropriation language in the next legislative session. He stated the staff recommendation allows the CRMP to receive funding to begin working on program preparation activities this year rather than waiting until that appropriation occurs.

Mr. Lombard asked if the future appropriation must have specific language that says it is appropriated funds to pay off the loan.

Mr. Merewitz stated the more specifics that can be put into the appropriation language the better. The language in the staff recommendation that is confusing was an attempt to prevent a concern that appropriated monies from one thing might go for something else, not to prevent the CRMP from getting started on activities this year so that they are ready to hit the ground running next year after the funds are appropriated.

Ms. Bollinger withdrew what she was suggesting so it would not hold up the team, since it is something that cannot be controlled and may not happen until next year.

The Board amended the staff recommendation by adding the word “allowable” in the first sentence between “appropriate” and “available,” and adding a third sentence that reads: “The CRMP Board directs staff to provide a progress report to the CRMP Board as soon as possible but before the next regularly scheduled meeting and that the plan for expenditures will be brought to the CRMP Board as soon as feasible.”

Public Comment

David Bonowitz, Structural Engineer, speaking as an individual, stated he was encouraged to see that the Board is already thinking through the logistics of creating a program without any legislative funding to do so. He encouraged the Board to consider legislative changes with a discretionary grant by the Governor to Cal OES.

Mr. Bonowitz stated he was grateful that Ms. Maffei mentioned many local programs that are already in place. He stated there are many cities statewide with soft-story programs that are either active or in development. He stated the need for the Board to be aware of how

these programs are doing and to ensure that the new program does not inadvertently interfere with those programs or create logistical problems with the timing. He offered to help with the planning of this program.

MOTION: Chair Johnson moved to authorize CRMP staff to open up discussions with the CEA regarding appropriate, allowable, and available mechanisms to fund the expense of planning and developing a multi-family, soft-story program, including, among other options, a loan to CRMP from the CEA's Loss Mitigation Fund. If an available mechanism is identified and funding becomes available, the CRMP Board delegates authority to the Executive Director to accept the funding on behalf of the CRMP. The CRMP Board directs staff to provide a progress report to the CRMP Board as soon as possible but before the next regularly scheduled meeting and that the plan for expenditures will be brought to the CRMP Board as soon as feasible. Mr. Lombard seconded. Motion carried unanimously.

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

There was no public comment.

11. Adjournment.

Chair Johnson asked for a motion to continue the Board meeting to take up additional Board agenda items.

MOTION: Mr. Lombard moved to continue the Board meeting to September 6, 2022, at 1:00 p.m., to take up additional Board agenda items. Ms. Bollinger seconded. Motion carried unanimously.

There being no further business, the meeting was adjourned at 2:51 p.m.