

As approved by the Governing Board on Tuesday, February 14, 2023.

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

**Monday, December 12, 2022
12:30 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
Tom Welsh, CEA Appointee, CRMP Governing Board

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director, CRMP
Benjamin Kirwan, Treasurer, CRMP
Seth Merewitz, Counsel, CRMP
Maura White, Program Analyst, CRMP
Mark Grissom, Program Manager, CRMP

Also Present:

No members of the public addressed the Governing Board.

1. Call to order and member roll call.

Chair Johnson called the meeting to order at 12:33 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the August 23, 2022, CRMP Governing Board Meeting.

MOTION: Vice Chair Nezhura moved approval of the August 23, 2022, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Ms. Bollinger seconded. Motion carried unanimously with one abstention.

3. Consideration and approval of the minutes of the September 6, 2022, CRMP Governing Board Meeting.

MOTION: Chair Johnson moved approval of the September 6, 2022, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Vice Chair Nezhura seconded. Motion carried unanimously with one abstention.

- 4. CRMP Executive Director Janiele Maffei will present designation of Tom Welsh, General Counsel, CEA, to act for Governing Board member Jim Lombard, Chief Administrative Officer, CEA, at meetings of the Governing Board beginning on September 30, 2022.**

Chair Johnson welcomed new CRMP Governing Board Member Tom Welsh.

- 5. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of October 31, 2022.**

Benjamin Kirwan, CRMP Treasurer, provided a slide presentation overview of the CRMP financial information as of October 31, 2022. He noted that the CEA Board approved a \$2 million transfer at the December Board meeting from the CEA Loss Mitigation Fund to the CRMP.

Mr. Kirwan noted, under Administration Expenses on the Budgeted Expenditures and Actual Expenditures slide, the Earthquake Brace + Bolt (EBB) Marketing Program Education line item is under budget, due to a change in vendor. \$550,000 is anticipated for this line item in 2023. He also noted that the Insurance line item is higher than budgeted, since the budgeted figure was submitted prior to receiving the quote from the vendor. This increase is due to across-the-industry premiums related to Directors & Officers Insurance (D&O) and Cyber Liability Insurance.

- 6. CRMP Treasurer Benjamin Kirwan will review the proposed CRMP 2023 Budget, for approval.**

Mr. Kirwan reviewed the CRMP Proposed Budget for 2023. He stated, under the Revenue line item, \$26.7 million is expected in Federal Emergency Management Agency (FEMA) grants for 2023. Also, the CEA Board has approved potentially transferring \$3 million to cover possible cash flow issues, due to the 60-day turnaround in the grant reimbursement process.

Mr. Kirwan highlighted changes in the CRMP Administrative Expenses category:

- EBB Marketing/Program Education expenses have been under budget the last few years but are projected to increase in 2023.
- Home Inspection Services has a direct correlation to the number of retrofits completed.
- Financial Audits increased slightly, based on a contract signed with the external auditors.

Discussion

Vice Chair Nezhura asked if the funding that was allocated in last year's budget but will not be appropriated until 2023-24 would require an amended 2023 budget once it is allocated.

Mr. Kirwan stated an amended budget has not been necessary in the past. Instead, an update on budget expenditures is provided at every Board meeting. The CRMP typically runs under budget.

Vice Chair Nezhura stated a potential allocation is expected on July 1, 2023.

Janiele Maffei, CRMP Executive Director, stated 2023 will be a unique year in that, if the CRMP were to receive both the \$20 million Building Resilient Infrastructure and Communities (BRIC) Grant and a maximum of \$250 million from the state of California, it would require staff augmentation, which would be an opportunity to bring this back to the Board for their review and approval.

Mr. Kirwan agreed that the budget would need to be augmented for the potential revenue and expenses incurred by the CRMP, but stated all direct labor expenses by the CRMP are incurred by the Loss Mitigation Fund, which is under the umbrella of the CEA.

Chair Johnson stated other administrative expenses would be expected to change due to a sizeable increase in grant funding, such as Home Inspection Services and EBB Marketing/Program Education expenses. She asked about the Software IT Support line item.

Mr. Kirwan stated CRMP IT expenses have been buried in CEA invoices in the past. Staff has worked to peel those away and charge them directly back to the CRMP since more IT work is being performed on behalf of the CRMP, such as for EBB 2.0 and other projects.

Ms. Maffei agreed and added the example of the new Earthquake Soft-Story (ESS) Program portal that IT created for the CRMP.

Vice Chair Nezhura asked if unspent EBB Marketing/Program Education funds will be carried over, since it is not expected to reach the budgeted amount.

Mr. Kirwan stated the budget approach is zero-based. Unspent funds are not factored into subsequent budgets.

Public Comment

No public comment.

MOTION: Mr. Welsh moved approval of the CRMP proposed budget for 2023 as presented. Ms. Bollinger seconded. Motion carried unanimously.

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

Ms. Maffei stated a press conference was held in Burbank, California, in October. She thanked Vice Chair Nezhura for attending. Government officials, seismologists, and homeowners spoke in support of the EBB program. She played a video put together by the public relations team on the EBB Program.

Ms. Maffei announced new Managing Director Jennifer Hogan was hired last Friday.

Ms. Maffei 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, living-space-over-garage, hillside house, and chimney.
 - The EBB Program mitigates the cripple wall vulnerability.
 - The Earthquake Soft-Story (ESS) Program mitigates the living-space-over-garage vulnerability.

- Over 18,000 retrofits have been completed to date.
- Over 19,000 homeowners have registered to date.
- Over 6,000 CEA Policyholders have registered to date.
- Supplemental grants for income-eligible homeowners have been included in this year's registration period. This grant provides 100 percent of the funds needed to help strengthen houses in disadvantaged communities.
 - Over 6,000 homeowners have registered for the supplementary grant to date.

Single-Family Earthquake Soft-Story (ESS) Program

- The Single-Family ESS Program to mitigate the living-space-over-garage vulnerability will launch next year to address this pervasive and dangerous problem.
- \$5 million of FEMA Hazard Mitigation Grant Program (HMGP) funding will be allocated in 2023.

Multi-Family Soft-Story (MFSS) Program

- The number-one residential target among the earthquake engineering community in California is the multi-family soft-story, which will be part of the MFSS Retrofit Grant Program.
- An application has been submitted for a FEMA BRIC grant for \$20 million to open pilot programs in Alameda, San Francisco, and Los Angeles Counties.
- Senate Bill (SB) 189 will appropriate \$250 million in the 2023-24 Budget Act to the Seismic Retrofitting Program for Soft Story Multi-Family Housing Fund. The CRMP will develop and administer this program.

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. The bill now includes wildfire and wind mitigation.

Research

Ms. Maffei stated Keith Porter, Ph.D., Jasem Alhumaidi, and Zachary Reed published a paper for the American Society of Civil Engineers (ASCE) stating their research found that seismic retrofits add 17 percent to the resale price of California homes built before 1940.

Ms. Maffei stated Professor Henry Burton, Ph.D., Associate Professor, Civil and Environmental Engineering, UCLA, did a study, which has not yet been published, on diversity, equity, and inclusion looking for how the distribution of mitigation affects individuals in socially vulnerable communities throughout the city of Los Angeles. The EBB program was included in this study as a data point. The study showed that, since EBB program began in 2013, the numbers of retrofits in areas that have large percentages of Hispanic and African American residents had gone up differently from areas that did not have the program. The study showed that the EBB program has encouraged retrofit in socially vulnerable communities. Ms. Maffei noted that this study came before the CRMP Supplementary Grant Program.

Ms. Maffei stated she would like to invite Dr. Porter and Professor Burton or members of their teams to present at a future CRMP meeting.

Discussion

Chair Johnson suggested using CRMP meetings as opportunities for education and for the Board to help staff vet ideas.

Vice Chair Nezhura agreed. She asked to hear more about the equity piece at a future meeting. She requested that staff put together bullet point information highlighting the equity piece for Board Members to take to events and discussions. She suggested inviting Monisha Avery, Chief of Diversity, Equity, and Inclusion, Cal OES, to speak at a future CRMP meeting on the Cal OES plan to include cultural awareness, inclusion, and equity in all aspects of emergency management.

Mr. Welsh noted that the \$250 million may not come through, depending on budget priorities. SB 189 includes restrictive language that was meant to clarify that the CEA, the Cal OES, and the CRMP are not to spend their own funding to develop a program, but are to wait until the funding is appropriated.

Mean Retrofit Costs

Ms. Maffei continued her report and stated retrofit data from the retrofits completed to date is being tracked by program, pre-COVID/COVID, quarter, and 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 noted that one of the biggest impediments during the COVID-19 pandemic was the closure of the building departments. The EBB Program was not impacted by rising material costs.

Discussion

Chair Johnson referred to the Total Mean by Region and Quarter slide and noted that the mean for Southern California has a slow trend upward while Northern California is trending downward.

Ms. Maffei stated the increase in Southern California is due to inflation while the decrease in Northern California is due to the program expanding beyond high-priced regions.

Vice Chair Nezhura asked to verify the timeframe of the Northern California expansion of ZIP Codes into less costly areas. Those changes might help explain the fluctuation in the Bar Charts.

Ms. Maffei stated she will look into that and report on her findings at the next CRMP meeting. She noted that prices have also dropped due to increased contractor competition. She stated staff is working with the Marketing Department on ways to help contractors have a bigger presence by having a website, for example. Retrofit costs should also benefit from that.

Public Comment

No public comment.

8. CRMP Program Manager Mark Grissom will present the CRMP Mitigation (Earthquake Brace + Bolt) update.

Mark Grissom, CRMP Program Manager, provided a slide presentation overview of the EBB Program, CRMP, and CEA by program cycle, EBB staff efforts, retrofit funding type by year completed, future funding opportunities, supplemental grant amounts and implementation, EBB Program contractors, regional differences, statewide costs per program year, engineered and non-engineered retrofits, and withdrawn applications, completion rates, and payment timing.

Discussion

Vice Chair Nezhura referred to the Program Cycle slide and asked about the number of retrofits that could be funded with the \$80 million and if all eligible applicants will be funded or go into a lottery.

Mr. Grissom stated 21,072 retrofits are possible. On average, 50 percent of the eligible applicants drop out. There are more than enough grants available to cover current retrofit projects as well as newly-registered homes.

Ms. Maffei noted that part of the \$80 million has already been spent on retrofitting homes on past waiting lists.

Mr. Grissom reviewed other items of interest:

- FEMA HMGP DR 4407, ESS Program, is under development and expected to open for registration in early 2023. He stated a video example of an ESS retrofit will be sent to Board Members.
- The 2021 \$21 million BRIC MFSS Program is currently undergoing review by FEMA. Funding is anticipated to be approved.
- The 2023 Contractor Outreach Plan is expected to launch in early 2023.

Discussion

Mr. Welsh asked staff to identify important variances in the detail and trends in the data that would inform the Board of what should be monitored.

Vice Chair Nezhura agreed and asked for a summary report highlighting key issues for Board discussion rather than reviewing all data in the dashboards.

Public Comment

No public comment.

9. CRMP Program Manager Mark Grissom will present the proposed CRMP 2023 Governing Board meeting schedule, for approval.

Mr. Grissom presented the proposed the CRMP 2023 Governing Board meeting schedule.

Chair Johnson noted that the CEA has an activity on May 16th that would be difficult to reschedule. She suggested adopting the schedule as written and dealing with this conflict at a later date.

MOTION: Chair Johnson moved to approve the CRMP 2023 Governing Board meeting schedule as presented. Vice Chair Nezhura 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 were no questions or comments from the public.

11. Adjournment.

Chair Johnson adjourned the meeting at 2:28 p.m.