

As approved by the Governing Board on Tuesday, February 27, 2024.

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

**Tuesday, November 7, 2023
1:00 p.m.**

Location: California Earthquake Authority
801 K Street
Suite 1000, 10th Floor
Sacramento, CA 95814

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

Lori Nezhura, Chair
George Sittner, Vice Chair
Jennifer Bollinger
Tom Welsh

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director, CRMP
Mark Grissom, Program Manager, CRMP
Jennifer Hogan, Managing Director, CRMP
Benjamin Kirwan, Treasurer, CRMP
Seth Merewitz, Counsel, CRMP
Suman Tatapudy, Secretary, CRMP
Maura White, Program Analyst, CRMP

Also Present:

No members of the public addressed the Governing Board.

1. Call to order and member roll call.

Chair Nezhura called the meeting to order at 1:00 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the August 15, 2023, CRMP Governing Board Meeting.

Mr. Welsh asked to consistently describe the CRMP members in the minutes.

MOTION: Ms. Bollinger moved approval of the August 15, 2023, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Welsh seconded. Motion carried unanimously.

3. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of September 30, 2023.

Mr. Kirwan reviewed the CRMP financial information as of September 30, 2023.

Balance Sheet:

- The Cash and Cash Equivalents Line Item is approximately \$3 million. Approximately \$3 million was received from Cal OES in October for a current cash balance of approximately \$5 million.
- The Accounts Receivable Line Item of \$8.5 million is made up of paid retrofits that are waiting to be reimbursed. As of the end of October 2023, it is down to \$7.1 million.
- The Accounts Payable and Accrued Expenses Line Item of approximately \$46,000 is mainly made up of outstanding operating expenses that have been incurred and not yet paid.
- The current total fund balance is \$11.6 million.

Statement of Revenues, Expenditures, and Changes in Fund Balance:

- Contributions of \$5 million were received from the Loss Mitigation Fund.
- Revenues from completed retrofits of \$11.4 million that have been paid out have been submitted for reimbursement.
- The largest expenditures were grants to homeowners of \$11.1 million, inspection services of \$120,000, and marketing services/program education of \$157,000.
- Total revenues were \$16.3 million and total expenditures were \$11.7 million for a positive net change in fund balance of \$4.7 million for the year.

Budgeted Expenditures versus Actual Expenditures:

- More activity was budgeted for FEMA – 4308 in 2023 than was expended due to the length of time it took to get the Single-Family Earthquake Soft Story (ESS) Program up and running. Much of the work will be completed in 2024.
- Administrative Expenses are well below budget on most of the items, except for Software and IT Support, which had to do with income eligibility software for the ESS Low Income Program.

Discussion

Mr. Welsh stated it seems that the ratio of expenses to grants is good. He asked if that metric should be tracked to monitor changes.

Mr. Kirwan stated that metric is already being tracked. He stated he will report out on some of those metrics in future Board meetings.

Mr. Welsh stated it would be helpful to break it down program by program so the Board can see the differences between established versus developing programs.

Chair Nezhura added that it would be helpful to better understand the percentage being spent on administration to demonstrate efficiency to the Legislature and other potential funders.

4. CRMP Treasurer Benjamin Kirwan will review the proposed CRMP 2024 Budget, for approval.

Mr. Kirwan provided an overview of the CRMP 2024 Proposed Budget versus 2023 Actuals, as of September 30, 2023. He stated approximately \$28 million in retrofits are expected in 2024. Home inspection services expenses are traditionally incurred near the end of the year. They are expected to increase significantly due to the increased number of retrofits expected in 2024.

Mr. Kirwan stated legal services are expected to increase slightly due to new programs that will be starting in 2024. Total administrative expenses for 2024 are proposed at \$1.2 million and total grants to homeowners are expected at approximately \$28 million in 2024.

Discussion

Mr. Welsh asked why the revenue section of the 2024 budget does not include contributions to cash.

Mr. Kirwan stated the CRMP has approximately \$5 million in cash. The CRMP sought CEA Board approval in 2023 to transfer \$7 million from the Loss Mitigation Fund due to cashflow issues related to the timing of reimbursement receipts. Those same types of issues are not expected in 2024, but the CRMP can request an additional transfer should future cashflow issues occur.

MOTION: Mr. Welsh moved approval of the proposed 2024 CRMP budget as presented. Chair Nezhura seconded. Motion carried unanimously.

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

Ms. Maffei reviewed the earthquake shaking potential for California, the levels of earthquake hazard, and the regions near major, active faults. She reviewed the FEMA Benefit Cost Analysis tool for the EBB Program in areas that are not considered high-hazard. She noted that the areas along the coast are significantly higher-hazard.

Discussion

Mr. Welsh stated he requested this presentation looking at alternative ways to expand the footprint of the EBB Program across the entire state, rather than awarding grants on a lottery basis where need is arguably not as high as others. He asked if opening EBB to the entire state would detrimentally impact the cost benefit score on the FEMA tool.

Jennifer Hogan, CRMP Managing Director, stated adding areas of the state with lower cost benefit analysis would begin to reduce the average that will potentially cause the benefits cost ratio to be under what is acceptable to FEMA.

Chair Nezhura asked how benefits cost ratios are listed in FEMA applications.

Ms. Maffei stated the dollar per square foot replacement cost for a sample house in an area, which is based on insurance data, goes into the FEMA Benefit Cost Analysis calculator tool.

Chair Nezhura stated her understanding that each Hazard Mitigation Grant Program (HMGP) application includes current EBB Program areas along with any new areas.

Ms. Maffei stated that is correct.

Mr. Welsh encouraged thinking about ways to prioritize the award of grants to individuals with the highest need and who are most vulnerable from an income and socioeconomic status standpoint, especially now that the Supplemental Grant Program has launched, unless FEMA requires a random lottery drawing.

Ms. Maffei agreed and stated the need to provide grants to rental properties.

Ms. Hogan stated no one has ever been turned away but it is important to explore how to get more information to individuals most in need to encourage them to register for the program.

Mr. Welsh suggested additional resources focused on individuals who start the program and are identified as high need but for whatever reason are not completing the steps to get their homes mitigated.

Ms. Maffei stated surveys are sent out to help track reasons for dropping out of the program.

Ms. Hogan suggested sending out surveys specifically for individuals in the Supplemental Grant Program.

Mr. Sittner asked if greater advertising generates more interest in the program.

Ms. Maffei stated registration is only open for 30 days at a time. It is possible to test outreach efforts during that limited time.

Presentation, continued

Ms. Maffei continued her presentation and discussed H.R. 4070, the Disaster Mitigation and Tax Parity Act, and potential grant funding for multi-family soft-story structures. She stated that another application will soon be submitted for the 2023 \$20 million FEMA Building Resilient Infrastructure and Communities (BRIC) Grant. Applications were also submitted in 2021 and 2022, which remain under review. \$15 million, which was appropriated for the Multi-Family Soft-Story (MFSS) Retrofit Grant Program, will soon be received from Cal OES.

Discussion

Chair Nezhura asked about first steps in the MFSS Program after the \$15 million is received.

Ms. Maffei stated the Structural Engineers Association Building Committee are already looking at this issue to submit a letter of recommendation for what CRMP will include in the rules as the seismic design criteria. Counties will be identified to open the program, criteria for a ranking system will be determined, and talks with

individuals at the HCD and other institutions that are operating in this area have already begun about how to identify social vulnerability.

Ms. Hogan added that a transparent implementation plan will then be developed and presented to the Board for approval.

Chair Nezhura asked if the BRIC application will include all EBB counties.

Ms. Maffei stated the BRIC application includes only limited areas, based on the limited funding.

Chair Nezhura stated the importance of not limiting but making the program available to individuals with greatest need.

Ms. Maffei stated the \$20 million BRIC grants or the \$15 million from Cal OES can only fund 80 buildings. She stated it is important that cities already have other alternative funding in place to enhance the grant funding or other ways to assist such as rent passthrough, Americans with Disabilities Act (ADA) upgrades, and parking. Cities also require a trained building department to handle the required high-level analysis. This is a lot of effort for a city to go through for a chance that a grant may be awarded to one building in their city.

Chair Nezhura suggested contacting the League of California Cities to help make the connection with building departments to perhaps have a conversation with many building departments at once to learn of their interest level in the program.

Ms. Maffei stated staff started with cities that have mandatory and voluntary ordinances and are in the process of setting up meetings with cities to begin the process necessary for them to participate in the grant program.

6. CRMP Managing Director Jennifer Hogan will present the CRMP Mitigation update.

Ms. Hogan updated the Governing Board on the CRMP and CEA mitigation interests and projects:

Earthquake Brace + Bolt Program Update

- 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 Earthquake Brace + Bolt (EBB) Program mitigates the cripple wall vulnerability.
 - The ESS Program mitigates the living-space-over-garage vulnerability.
- Over 22,000 retrofits have been completed to date.
- 6,297 applications are in-process.
- Approximately 12,000 registrants are on the waitlist.
- Program withdrawal rates average between 45 and 60 percent.

- As part of the largest expansion to date, 293 ZIP Codes will be added in 2024 for a total of 815 ZIP Codes in the program.
- The next registration period is scheduled to open on January 10, 2024, for an extended period of six weeks instead of the usual four.
- 26 counties are included in the FEMA application.

Humboldt County EBB Update

- 4 retrofits have been completed.
- 81 percent of participants are within their timeframe to submit pre-retrofit documentation, ask for a time extension, or voluntarily withdraw from the program.
- Almost 20 percent have withdrawn with almost all of them citing cost as the reason.
 - Because of the high percentage of homes with post and pier construction, many need a new foundation to receive a new retrofit.
 - The USDA Rural Disaster Program has been identified as a potential funding source for the new foundations.

Earthquake Soft-Story (ESS) Pilot Program

- The Single-Family ESS Pilot Program to mitigate the living-space-over-garage vulnerability has opened in 82 eligible ZIP Codes within the 5 pilot areas. The grants are for a maximum of \$13,000.
- 8 retrofits are in the FEMA preliminary review stage.
- 149 are in progress.
- 90 have asked for an extension.
- 244 registrants have been withdrawn due to inactivity.
- All wait-listed registrants have been brought into the program.

Supplemental Grant Overview

- The Supplemental Grant Program has an income eligibility criteria of a household median annual income of at or below \$72,080 and has options for bolt only or brace & bolt retrofits. The grants are for a maximum of \$10,000.
 - The income eligibility criteria has been updated to at or below \$87,360 for the 2024 Program.
- 905 retrofits have been completed.
 - The average total grant amount was \$5,100.
- 6,581 registrants have been withdrawn, many due to inactivity, cost, lack of time, or already having a retrofit.

- 601 were determined to be not eligible for the Supplemental Grant Program but have completed their retrofit through the EBB Program.
- 805 were determined to be not eligible for the Supplemental Grant Program but are working through the process of completing their retrofit through the EBB Program.

Marketing and Outreach Efforts

- CRMP largely relied on CEA's social media accounts to socialize information about the retrofit programs, until recently.
- CRMP marketing and outreach efforts have increased as an independent program on social media, such as on Facebook, with the goal of gathering emails so an email blast can be sent out when registration opens.
 - It will be necessary to expand beyond the EarthquakeBraceBolt.com identity for ESS and MFSS programming.
- The EarthquakeBraceBolt.com website will close due to the CEA website platform transition. All CRMP information will be posted in the CaliforniaResidentialMitigationProgram.com website, which also hosts the ESS and MFSS Programs content.
- Direct outreach to contractors and homeowners is ongoing.
- It is important to look for more opportunities to keep individuals engaged throughout the program cycle rather than only at the beginning.

Ms. Hogan asked for suggestions on how to socialize the 2024 EBB launch in a different way.

Discussion

Mr. Welsh asked if participants who withdraw must reregister at the next cycle or if they can be reactivated when they are ready to resume the process.

Ms. Hogan stated many times participants are administratively withdrawn from the program due to inaction. These participants are reinstated in the program if they respond within a certain period. Beyond that window of time, they must reregister and go through the process again.

Ms. Maffei stated withdrawn individuals are included in subsequent group email invitations to the program prior to a registration period.

Chair Nezhura stated the Northern and Central California coasts are well covered by the program, but Southern California still has areas that need to be included in the program.

Ms. Hogan stated, of the 293 ZIP Codes being added in 2024, only 18 percent of them are in Northern California. She noted that the presentation slide did not accurately depict the coverage in Southern California. She showed another slide that better showed the density of coverage in Southern California.

Mr. Welsh asked about the vendor that validates income for the Supplementary Grant Program.

Ms. Hogan stated there have been no concerns or issues other than small nuances that have been resolved.

Mr. Welsh asked if contractors are aware of the homes that are applying for a supplemental grant.

Mark Grissom, CRMP Program Manager, stated contractors who are already active in the program are aware of it and many contractors ask, but also many homeowners tell their contractor up front.

Chair Nezhura suggested socializing the 2024 EBB launch like the successful Cal OES Earthquake Early Warning campaign. She stated Cal OES has a contract for a shake trailer. Twice a year they do a tour in five to seven cities, specifically choosing places where there is a strong media market. They set up at 5:00 a.m. with news reporters who then get the message out to millions of individuals. Cal OES has done so many of these now that, when there is a big earthquake, the reporters no longer come to Cal OES; they already have B-roll footage and have done so many interviews with the staff at the shake trailers that they are already educated about earthquake early warning.

Chair Nezhura stated this can happen with retrofits. She suggested collaborating and doing a combination tour on earthquake early warning and retrofits – the nonstructural mitigation that can be done inside the home and the work to support the structure underneath the home.

Mr. Welsh stated he would love the opportunity to interact with the Cal OES media team to help leverage resources.

7. CRMP Managing Director Jennifer Hogan will present the proposed CRMP 2024 Governing Board meeting schedule, for approval.

Ms. Hogan presented the proposed 2024 CRMP Governing Board meeting schedule.

Chair Nezhura asked about virtual meeting options.

Mr. Welsh stated the law will change on January 1, 2024, which allows for hybrid meetings but at least half of the Board Members need to be in locations that are included in the public notice and are open to the public.

8. 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.

9. Adjournment.

There being no further business, the meeting was adjourned at 2:33 p.m.