

As approved by the Governing Board on Tuesday, June 4, 2024.

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

**February 27, 2024
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

*Participated remotely.

Members of the CRMP Staff in attendance:

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

1. Call to order and member roll call.

Chair Nezhura called the meeting to order at 1:04 p.m. A quorum was achieved.

Chair Nezhura congratulated Tom Welsh on his new role as Interim Executive Officer.

2. Consideration and approval of the minutes of the November 7, 2023, CRMP Governing Board Meeting.

There were no questions from Governing Board Members and no public comment.

MOTION: Mr. Welsh moved to approve the November 7, 2023, minutes of the California Residential Mitigation Program Governing Board. Ms. Bollinger seconded. There was no public comment on the motion. The motion passed unanimously.

3. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of December 31, 2023.

Treasurer Benjamin Kirwan reviewed the CRMP financial information as of December 31, 2023:

Balance Sheet:

- Assets
 - The Cash and Cash Equivalents asset Line Item of approximately \$4.2 million is currently in the bank.
 - The Accounts Receivable asset Line Item of \$7.8 million is made up of paid retrofits that are waiting to be reimbursed from Cal OES.
 - CRMP total assets are approximately \$12 million.
- Liabilities and Fund Balance
 - The Accounts Payable and Accrued Expenses liability Line Item of approximately \$618,000 is mainly made up of outstanding retrofit payments that have been approved but not yet paid. These were paid after yearend.
 - This Line Item is also made up of small amounts of general and administrative operating expenses.
 - The current total fund balance is approximately \$11.4 million.
 - The total liabilities and fund balance is approximately \$12 million.

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

- Revenues
 - Contributions of \$5 million were received from the CEA.
 - Contributions from other governments of \$15.6 million is the total amount of reimbursed retrofit payments both received and outstanding at the end of the year.
- Expenditures
 - The largest expenditures were audit fees of \$65,500, grants to homeowners of \$15.3 million, inspection services of \$199,000, insurance of \$55,800, software and IT support of \$107,000, and marketing services/program education of \$396,000.
 - Total revenues were \$20.6 million and total expenditures were \$16.2 million for a positive net change in fund balance of \$4.5 million for the year.
 - The fund balance at the end of the year was \$11.4 million.

Budgeted Expenditures and Actual Expenditures:

- Revenue

- The CEA Mitigation Fund contribution was budgeted at \$7 million but only \$5 million was needed for cashflow purposes. The extra \$2 million was retained in the Loss Mitigation Fund.
- The budgeted expenditure was \$33.7 million in retrofit payments to be made. The actual expenditure was \$20.7 million, the bulk of which was the Federal Emergency Management Agency (FEMA) - 4308, which will continue for another year.
- CRMP Administration Expenses
 - Marketing Services/Program Education and Inspection Services were under budget due to a decrease in retrofits paid compared to budget.
 - Software and IT Support was over budget. The CEA had a subscription to CoreLogic to help with income verification. Approximately \$23,000 was budgeted but the actual expenditure was \$63,000.
 - Total Administrative Expenses was under budget by \$3,000 at \$880,000.
- Grants to Homeowners
 - Total Grants to Homeowners was under budget by \$11.6 million at \$15.3 million.

Discussion

Chair Nezhura referred to the Balance Sheet and asked about the comment that Accounts Receivable is waiting on Cal OES reimbursement. She asked if that is one of the DRs, the decreases in liabilities.

Mr. Kirwan stated it is multiple DRs.

Mr. Welsh asked if the variance in the Software and IT Support Line Item was due to a greater number of individuals who qualified for the Supplementary Grants.

Mr. Kirwan stated staff was unsure of the cost of the software from CoreLogic and budgeted \$23,000. The actual expenditure was \$63,000.

Managing Director Jennifer Hogan agreed and added that some records needed to be reviewed more than once to complete the process.

Public Comment

There was no public comment.

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

Executive Director Janiele Maffei updated the Governing Board on the CRMP and CEA mitigation interests and projects:

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.

- The CRMP FEMA Building Resilient Infrastructure and Communities (BRIC) grant application submitted in 2020 for \$20 million was not approved.
- The CRMP BRIC applications submitted in 2021 and 2022 are under further review.
- A CRMP BRIC application has been submitted for 2023.

Ms. Maffei stated the MFSS Retrofit Grant Program is in the whiteboard stage since legislation does not allow work to be done on the development of the program outside of refining the BRIC application. Staff has reached out to cities with mandatory and voluntary ordinances to learn about outside funding, seismic design criteria, rent pass-through to tenants, educational programs for building owners, and contractor and building department training.

Discussion

Chair Nezhura asked if the MFSS Grant Program is for five-plus units or if it varies.

Ms. Maffei stated the BRIC application is for five to ten units.

Chair Nezhura asked about the cost range for retrofits.

Ms. Maffei stated the average total project cost per retrofit in Northern California is \$145,000, including permitting and design fees. This works out to approximately \$14,000 per unit.

Chair Nezhura asked if there has been consideration about the number of units when state funding is received.

Ms. Maffei stated funding will always be five or more units. Four or less is considered a single-family home.

Mr. Welsh asked about the number of units defined in the statute.

Ms. Maffei stated the statute defined the program size as up to 20 units. BRIC funding would allow for lessons learned and gap analyses.

Chair Nezhura stated the \$14,000 per unit might be the best fit for the BRIC grant. State funding was focused on vulnerable communities that do not have ordinances.

Ms. Maffei stated the legislation included funding to assist cities to prepare for the program.

Vice Chair Sittner asked about the length of time on the rent pass-through.

Ms. Maffei stated it was a short amount of time. She stated staff will send the exact figure to Board Members in an email.

Chair Nezhura asked if occupants can live in their units during the retrofit work.

Ms. Maffei stated the main work is done on the ground floor but work may need to be done on the perimeter. Occupants may have to deal with disruption.

Chair Nezhura asked for staff to report out on ways to mitigate that disruption for renters.

Public Comment

There was no public comment.

5. CRMP Managing Director Jennifer Hogan will provide an update on the Business Plan for review and approval.

Ms. Hogan reviewed the proposed changes to the CRMP Business Plan, which were included in the meeting materials. She noted that there are no substantive changes proposed.

MOTION: Vice Chair Sittner moved staff's proposed changes to the CRMP Business Plan. Mr. Welsh seconded. There was no public comment on the motion. The motion passed unanimously.

6. CRMP Managing Director Jennifer Hogan will present the CRMP Mitigation (Earthquake Brace + Bolt) 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 23,000 retrofits have been completed to date.
- Registration just completed for the 2024 EBB program with 20,826 homeowners registered, which is approximately 1,200 more than last year's registration.
- 8,432 homeowners self-verified as eligible for the Supplemental Grant Program.

Registration Launch Campaign

- 114 earned media stories in Spanish and English on television and radio and in print resulted in a 2.5 billion audience reach and approximately 1,500 organic social media views.
- 125,000 emails were sent out to the EBB community.
- Over 200,000 postcards and letters in Spanish and English were sent out to CEA policyholders and homeowners in the eligible program ZIP Codes.
- 23 video ads in Spanish and English were made advertising registration and next steps.
- A series of webinars were held for building officials and their staff to educate them on the retrofit program and how to make it most successful.

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.
- 528 are in the pre-retrofit stage.
- 10 retrofits are in the FEMA preliminary review stage.
- \$4.9 million remains in the ESS Grant.
- Registration will be opened again this year.

Future Funding and MFSS

- Cal OES introduced a new Notice of Funding Opportunity for Hurricane Hillary. Staff submitted two notices of interest for EBB and ESS. Applications are due in June.

Discussion

Vice Chair Sittner asked for the approximate number of homes that complete their retrofits.

Ms. Hogan stated approximately 50 percent of individuals registered typically continue with the program and another 50 percent of those complete. She estimated that 5,500 to 6,000 of this year's 20,826 registrants will complete their retrofit.

Ms. Bollinger asked why the ESS Pilot Program is considered a more difficult program.

Ms. Maffei stated it is a more complex retrofit and contractors work on their own without an engineer. Contractors have increased the price because of their concerns.

Chair Nezhura asked if the grant funding amount is the same as EBB.

Ms. Maffei stated the funding amount is increased for the ESS Pilot Program of up to \$15,000.

Ms. Bollinger asked about the differences in these complex retrofits.

Ms. Maffei described details of the retrofit work by pointing out features on a presentation slide. She stated the pre-engineered retrofit is more difficult to install.

Chair Nezhura asked if there are plans to provide materials in more languages.

Ms. Hogan stated there are. Staff will be looking into additional language translation next year.

Chair Nezhura stated it would be helpful for Board Members to tour or visit sites. She asked to observe retrofit installations in varying stages of completion before, during, and after retrofitting.

Vice Chair Sittner suggested also viewing videos of retrofit installations.

7. 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.

8. Adjournment.

There being no further business, the meeting was adjourned at 1:53 p.m.