

DRAFT

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

**November 19, 2024
1:00 p.m.**

Location: California Earthquake Authority
400 Capitol Mall
Suite 1200
Sacramento, CA 95814

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

Attendance:

Lori Nezhura, Chair
George Sittner, Vice Chair
Tracy Palombo
Eric Swanson

Members of the CRMP Staff in Attendance:

Janiele Maffei, Executive Director
Mark Grissom, Program Manager
Benjamin Kirwan, Treasurer
Seth Merewitz, Counsel
Sheri Pierce, Program Outreach Coordinator and Public Information Officer
Liz Smart, Business Analyst
Suman Tatapudy, Secretary
Maura White, Program Analyst

1. Call to order and member roll call.

Chair Nezhura called the meeting to order at 1:08 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the August 27, 2024, CRMP Governing Board meeting.

MOTION: Ms. Palombo moved to approve the August 27, 2024, minutes of the California Residential Mitigation Program Governing Board. Mr. Swanson seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

3. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of September 30, 2024.

Mr. Kirwan reviewed the CRMP financial information as of September 30, 2024:

Balance Sheet:

- Assets
 - The Cash and Cash Equivalents Line Item was approximately \$8 million at the end of September; it is currently at approximately \$6.5 million.
 - The Accounts Receivable Line Item of \$7.2 million is made up of completed retrofits that are waiting to be reimbursed from the California Office of Emergency Services (Cal OES).
 - Reimbursement requests of \$4.3 million are waiting approval at Cal OES. The reimbursements are expected mid-December.
 - The last reimbursement check was received October 21, 2024, for \$1.4 million.
- Liabilities and Fund Balance
 - The Accounts Payable and Accrued Expenses Liability Line Item of approximately \$5,000 is mainly made up of general and administrative operating expenses that have been accrued but not yet paid.
 - The total liabilities and fund balance is approximately \$15.1 million.

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

- Revenues
 - Contributions of \$4 million were received from the California Earthquake Authority (CEA).
 - Contributions from the Other Governments Line Item of \$13.3 million are the total amount of reimbursed retrofit payments both received and outstanding for the first nine months of the year.
- Expenditures
 - The Administration and Office Expenses Line Item of \$16,000 is made up of printing and stationery, meetings and events, Requests for Qualifications (RFQ) expenses, and bank fees.
 - This Line Item also includes four small fraudulent checks. A Positive Pay Plan is currently being put in place to help decrease the risk of fraudulent checks.
 - The Audit Fees Line Item of \$64,000 includes annual audit fees charged to the CRMP by Plante Moran, the CEA's external auditors.
 - The Grants to Homeowners Line Item of \$12.9 million is the total amount of grants that were issued during the course of 2024.
 - The difference between the \$12.9 million Grants to Homeowners and the \$13.3 Contributions from Other Governments is due to reimbursed administrative expenses that are part of the 4308 program.

- The Marketing Services/Program Education Line Item of \$247,000 is projected to reach \$550,000 for 2024, driven by marketing campaigns.
- The Net Change in Fund Balance for the first nine months of 2024 was approximately \$3.8 million.

Budgeted Expenditures and Actual Expenditures:

- Revenue
 - The Federal Emergency Management Agency (FEMA) Line Item for grants issued is well under budget. The projected 2025 budget will be more realistic.
- CRMP Administration Expenses
 - The Administration and Office Expenses Line Item is over budget at \$16,000, driven by the four fraudulent checks.
 - The Earthquake Brace + Bolt (EBB) Marketing/Program Education Line Item is \$247,000 with a projection of \$550,000 for the full year.
 - The Financial Audit Line Item is slightly less than budgeted. The bulk of the 2024 Plante Moran audit fees will be expensed in 2025.
 - The Home Inspection Services Line Item also sees higher activity at the end of the year as completed retrofits are inspected.
 - Insurance has increased 47 percent, driven by the increased activity for the fund for revenues and expenses. The insurance program for the CEA and the CRMP is handled internally to ensure the proper coverages are in place.
 - Legal expenses will likely be slightly under budget for 2024. The expected expenditure for legal services for 2025 has been decreased from \$100,000 to \$75,000.
- Grants to Homeowners
 - Total Grants to Homeowners issued was \$13 million, with a projection of \$27.7 million for the full year.

Discussion

Vice Chair Sittner asked where the fraudulent checks came from.

Mr. Kirwan stated the checks that were paid either to homeowners or construction companies were either stolen or taken. A Positive Pay Plan is being implemented that will hopefully get to a point where an Automated Clearing House can be set up with digital transfers from one bank to another to decrease fraudulent check risk associated with mailing physical checks.

Chair Nezhura asked if Grants to Homeowners is on target for this time of year.

Ms. Maffei stated it is.

4. CRMP Treasurer Benjamin Kirwan will review the proposed CRMP 2025 Budget, for approval.

Mr. Kirwan provided an overview of the CRMP 2025 Proposed Budget versus 2024 Actuals, as of September 30, 2024.

- Revenue
 - Approximately \$16.4 million from FEMA for retrofits is expected in 2025.
- Grants to Homeowners
 - Approximately \$1 million in FEMA Building Resilient Infrastructure and Communities (BRIC) Grants, \$14 million in FEMA 4308 Grants, and \$1 million in FEMA 4407 Grants are expected in 2025.
- CRMP Administrative Expenses
 - The EBB Marketing/Program Education Line Item is projected at \$550,000, driven by the FEMA 4308 homeowner campaign and contractor manuals, along with the BRIC programs and FEMA 4407.
 - The Financial Audit fees do not change much. Plante Moran charges a relatively flat fee for the services they provide.
 - The Home Inspection Services Line Item is projected at \$250,000, which is slightly less than budgeted in 2024 due to the expected lower volume.
 - Insurance is expected to increase slightly due to increased activity from 2024.
 - Legal Services is expected to decrease slightly from 2024.
 - Software/IT Support is projected at \$100,000, driven by CoreLogic income verification.

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

MOTION: The Governing Board voted to approve the proposed CRMP 2025 Budget as presented. The motion passed unanimously by roll call vote.

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

Ms. Maffei deferred to Sheri Pierce to report on the Earthquake Soft Story (ESS) Grant Program.

Sheri Pierce, Program Outreach Coordinator and Public Information Officer, provided a slide presentation overview of the October 14, 2024, registration and ShakeOut, media opportunities, and outreach efforts for the ESS Grant Program. She noted that the ESS Grant Program has over 1,000 registrations.

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

Ms. Maffei provided a slide presentation overview of the qualified location, development areas, and required documents to the CRMP for permits and construction for the Earthquake Multi-Unit Retrofit (EMR) Grant Program. Registration will open in 2025. This program will be offered in eight counties identified in the approved FEMA application as cities with a mandatory ordinance. The FEMA BRIC application included that 50 percent or more of the tenants would qualify for the Housing and Urban Development (HUD) low-income household income stamp.

Ms. Maffei stated future funding opportunities include a \$5 million EBB Hazard Mitigation Grant Program (HMGP) DR-4750 (Hurricane Hillary) sub-application, which was submitted to Cal OES on June 10th, and a \$5 million EBB-HMGP DR 2022-23 (early winter storms) sub-application, which was submitted by Cal OES to FEMA in April and is currently under FEMA review.

Ms. Maffei stated the CRMP Managing Director position was posted in mid-October. Recruitment is currently underway.

Discussion

Vice Chair Sittner asked about the maximum grant per building.

Ms. Maffei stated the maximum grant is 70 percent of the cost. She stated she will report on the building selection process at the next CRMP meeting.

Liz Smart, Business Analyst, CEA, added that the grant pays building owners up to \$7,000 not to exceed 70 percent of the cost for securing building permits and developing engineered plans. In addition, the grant pays building owners up to \$4,260 per unit not to exceed 70 percent of the cost of completing the retrofit. She gave the example that the maximum grant for a 10-unit building would be \$49,600.

Vice Chair Sittner asked if the construction will be disruptive to the tenants.

Ms. Maffei stated it will be disruptive in terms of noise and reduced parking spaces.

Ms. Maffei stated the largest impediment with the mitigation program is cashflow. She asked Cal OES Governing Board members how to approach Cal OES to reduce the retention process to help alleviate this impediment.

Mr. Swanson stated he will look into that then get back to staff offline.

Mr. Swanson asked about the documentation FEMA is looking for in the BRIC applications.

Ms. Maffei stated they request information on the size of the problem, what is being done about it, the amount of available funding to alleviate the problem, and the location of the problem area. FEMA looks for nature-based solutions, which is difficult to provide in a retrofit situation. They require a Benefit Cost Analyst that requires structural input about the reduction in damage for the property. This number is required to be over 1; CRMP retrofits are well over 1.

Mr. Swanson asked if milestone dates are required.

Maura White, Program Analyst, stated quarterly updates are required for all grant programs.

Ms. Maffei asked about unique aspects of BRIC applications.

Ms. White stated BRIC applications are more extensive with additional phasing outlines, detailed schedules of each milestone, and extensive cost estimates. She noted that an application was not submitted for 2024, since the CRMP is currently in the process of managing the \$40 million in BRIC funding received from its 2021 and 2022 BRIC awards.

Chair Nezhura asked for an update on the application to include Santa Clara County as a qualified location for the EMR Program.

Ms. White stated FEMA will make a decision in the next 30 days.

Mr. Swanson acknowledged that grant approval is a long process.

Public Comment

There was no public comment.

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

Mr. Grissom stated over 27,000 retrofits have been completed to date. He updated the Governing Board on the CRMP and CEA mitigation interests and projects:

EBB Program Update

- All 21,000 homeowners who registered during the 2024 EBB Registration period will have been accepted into the program by the end of the year.
- The 2025 EBB registration period will be from January 15, 2025, through February 26, 2025.
 - The over 300 remaining ZIP Codes in the 26 eligible counties that were included in the FEMA application will be added to the 2025 EBB Program.
 - The goal is for at least 25,000 homeowners to register for the program.

ESS Program Update

- 724 homeowners have registered to date during the 2024 ESS Registration, which opened October 15th.
- Approximately 275 additional homeowners are still in the process of registering.
- ZIP Codes for the ESS Program were expanded from 83 to 209 ZIP Codes.
- The first group of 400 homeowners will be brought into the program on December 10th.

Discussion

Ms. Palombo asked about the number of eligible homes in the EBB Program that are within the 300 remaining ZIP Codes.

Mr. Grissom stated the reason for the higher number of ZIP Codes to be included in 2025 is because the housing stock is lower in those areas.

Ms. Palombo asked how the first wave of homes to be retrofitted will be identified in the EBB Program.

Mr. Grissom stated it is done by a digital random selection process.

Chair Nezhura suggested appointing someone to help Ms. Maffei during the January open enrollment. She volunteered to help.

Public Comment

There was no public comment.

7. EBB Program Manager Mark Grissom will present the proposed CRMP 2025 Governing Board meeting schedule, for approval.

Mr. Grissom reviewed the proposed 2025 meeting schedule, which was included in the meeting materials.

Governing Board members discussed scheduling and agreed to change the proposed May 20th meeting date to May 27th.

Seth Merewitz, CRMP Counsel, advised Governing Board members to vote on the schedule change in today's agenda.

MOTION: Mr. Swanson moved to approve the proposed 2025 meeting schedule with the exception of changing the May 20th meeting date to May 27th. Vice Chair Sittner seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

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 2:26 p.m.