



State Of California

SEISMIC SAFETY COMMISSION

Arnold Schwarzenegger, Governor



Lawrence Klein
*Utilities
Chairman*

Dr. Lucy Jones
Seismology

Hon. Richard Alarcon
State Senate

Chris Modrzejewski
Senate Representative

Hon. Mark Church
*County Supervisor
Local Government*

Dr. Bruce Clark
Geology

Hon. Carol Liu
State Assembly

Donald Manning
Assembly Representative

Celestine Palmer
Insurance

Daniel Shapiro
Structural Engineering

Keith Wheeler
(Emergency Services)

Gary McGavin
Architectural Planning

Jeff Sedivec
Fire Protection

Dennis Mileti
(Social Services)

Arul Arulmoli
(Soils Engineer)

Richard McCarthy
Executive Director

Seismic Safety Commission
Minutes of Teleconference Meeting
January 5, 2006
1755 Creekside Oaks Drive, Suite 100
Sacramento, California

Members Participating

Lawrence T. Klein, Chair
Jeff Sedivec, Vice Chair
Bruce Clark
Mark Church
Don Manning
Gary McGavin
Dennis Mileti
Celestine Palmer
Daniel Shapiro
Keith Wheeler

Members Absent

Senator Richard Alarcon/Chris Modrzejewski
Lucy Jones

Staff Participating

Richard McCarthy, Executive Director
Karen Cogan, Executive Assistant
Henry Sepulveda, Director of Legislation
Fred Turner, Senior Structural Engineer

Others Participating

Andrew Adelman, City of L.A. Building Dept.
Happy Chastain, State & Consumer Svcs. Agency
Roger Dillon, Senator Alarcon's Office
Gary Long, Dept. of General Services Leg. Office
Steve Trumbley, CA Earthquake Authority

I. CALL TO ORDER/ROLL CALL

Commission Chairman Lawrence Klein called the meeting of the Seismic Safety Commission to order at 10:04 a.m. Executive Assistant Karen Cogan called the roll and confirmed the presence of a quorum. Members of the public attending at the Sacramento location identified themselves. Chairman Klein welcomed everyone.

II. CHAIRMAN'S REMARKS

Chairman Klein thanked everyone who helped prepare and disseminate the Commission's report on tsunami risks to California. He noted the report received excellent press response.

III. APPROVAL OF NOVEMBER 10, 2005 MEETING MINUTES

ACTION: Commissioner Mark Church made a motion, seconded by Commissioner Don Manning, that:

The Commission approve the November 10 meeting minutes as submitted.

* Motion carried, 11 - 0.

IV. EXECUTIVE DIRECTOR'S REPORT

Response to State and Consumer Services Agency

Executive Director Richard McCarthy explained that the primary purpose of the meeting was to formulate the Commission's response to the State and Consumer Agency. He drew attention to the staff's cover memo describing the December 6 meeting and the attached draft response. He noted representatives of the Commission met with Agency representatives and others to discuss the Commission's future after the veto of the funding extension bill, and a number of specific concerns and issues were raised. He recommended that commissioners review the categories of questions, make sure nothing was omitted, and suggest additional information that should be provided. Mr. McCarthy said the Commission will have a full discussion on the letter at its January 12 meeting, and then the staff will reformulate and finalize the letter.

With respect to funding options, Mr. McCarthy reported that he had not yet contacted the three agencies mentioned to obtain their assessment of the Commission's history of coordination and cooperation.

Commissioner Gary McGavin expressed his opinion that the letter drafted by the staff did a good job of capturing all the points mentioned by Mr. Scott Reid at the meeting.

Chairman Klein expressed concern about spending time refuting spurious charges. He noted the Seismic Safety Commission has not heard complaints from other state agencies about a lack of coordination, and there is no evidence from the Personal Insurance Federation (PIF) to substantiate claims that the Commission duplicates functions performed by other agencies. He questioned whether the Insurance Advisor's Office may have been misled. Chairman Klein recommended focusing on getting to the truth and setting the record straight.

Commissioner Bruce Clark agreed with Chairman Klein that it was unfair to expect the Commission to defend itself from unsubstantiated charges. He noted law established the Seismic Safety Commission, and its purpose and role was defined in the enabling legislation. Since its inception, he added, the Commission has done its job, and the people of California have benefited. Commissioner Clark said the tone of the letter should indicate that this is an unfounded attack on the Commission. He added the legislation to eliminate the Commission outright would be less disingenuous.

Chairman Klein suggested pointing out "errors in understanding" rather than taking a more aggressive tone.

Mr. McCarthy noted that at the meeting, he told Mr. Reid that the Wilson administration reviewed the Commission's coordinating effort in *California at Risk*, which was later modernized and updated as the *California Earthquake Loss Reduction Plan*. He said he explained that both documents have become national models and are used by the Federal Emergency Management Agency (FEMA). He added that he provided Mr. Reid with a copy of the *California Earthquake Loss Reduction Plan*.

Mr. McCarthy said he emphasized the importance of *California at Risk* as the coordinating document for state agencies before the Loma Prieta earthquake, and he noted the document was used to obtain funding for post-earthquake repairs. He informed Mr. Reid that he reformulated document, the *California Earthquake Loss Reduction Plan*, is now part of the seismic section of the state's multi-hazard mitigation plan, which serves as a pre-requisite for federal disaster fund eligibility. Mr. McCarthy stated that he told Mr. Reid about the Commission's role in tracking money spent and progress made by state agencies on the initiatives identified in the *Plan*. He suggested expanding on this section of the draft letter.

Chairman Klein noted the letter indicates there have been no complaints about coordination since the *California Earthquake Loss Reduction Plan* was adopted. He pointed out that during this time, the Commission staff was cut in half. Chairman Klein observed that the Commission received a grant from the Office of Emergency Services (OES) to help expand the *Plan* and track progress more aggressively.

Commissioner McGavin commented that some state agencies used to provide annual progress reports to the Commission, and he expressed support for requiring regular updates. Mr. McCarthy noted the Commission and OES jointly signed a letter to state agencies requesting information on their activities, but only about 30 percent responded.

Mr. McCarthy pointed out the tracking document could be helpful for the state in documenting the amount of money California has spent on mitigation activities. He estimated about \$30 billion has probably been spent since the Loma Prieta earthquake. He advocated working with the Governor's Office to develop a mitigation credit proposal for FEMA.

Chairman Klein recalled that the representatives from other state agencies met frequently with the staff during the development of *California at Risk*. Mr. Fred Turner stated there were 43 agency representatives on committees, and the Commission had a much larger staff then too.

Commissioner Shapiro observed that an OES representative attends nearly every Commission meeting. He recommended that other state agencies send people regularly.

Mr. McCarthy suggested reviewing the major headings in the letter: interagency relationships, duplication of functions, the future of Commission independence, Commission's composition, staffing, and funding and legislation.

Mr. Henry Sepulveda commented that Mr. Reid suggested that the Commission consider including representatives from OES and other state agencies to enhance coordination. Commissioner Jeff Sedevic observed that Mr. Reid's suggestion seems to be based on his own perception of how a coordination problem could be solved.

Commissioner Manning expressed his opinion that it was the Commission's job to provide information and advise other agencies, and he questioned whether they should be included on the Commission. He cautioned that adding too many people could impair the Commission's effectiveness.

Chairman Klein questioned whether there was really any coordination problem. He said he would like a more complete discussion with other agencies to verify their perceptions. Commissioner Church noted that the Commission has heard only broad allegations without any specifics so far. He agreed that the Commission should hear from other state agencies before responding to these charges.

Mr. Roger Dillon noted the California Performance Review (CPR) produced three documents, one of which was an executive summary, and another containing details of its assessments. He asked if the Commission had ever seen the detailed CPR findings. Chairman Klein replied that the Commission only received the summary report.

Ms. Cogan added that the CPR's major criticism was that the Commission duplicates functions of other agencies, but there was no mention of lack of coordination. Mr. Dillon said that was also his impression.

Ms. Cogan noted that in the *California at Risk* days, the Commission required yearly update reports from Caltrans and other agencies, but that process was often difficult because agencies tended to respond defensively. She said that with cutbacks in the staff since then, there has been a shift in emphasis, and relationships with other agencies have been good in recent years.

Ms. Cogan observed that the Commission disseminates meeting agendas to keep stakeholder groups informed of Commission activities. In addition, people from other agencies and organizations are involved on committees, and committee work is the core of what the Commission does. Ms. Cogan pointed out that these points should be cited in the letter as evidence of coordination.

Mr. Sepulveda reported that he met informally over the holidays with representatives of PIF to discuss future funding options. He said PIF continues to oppose using the Insurance Fund and believes the Commission's support should come from a broader pool, such as the general fund. He noted PIF expressed interest in meeting with Mr. Reid to try to identify the insurance industry's share of the benefits provided by the Commission. Mr. Sepulveda stated that he invited PIF representatives to propose issues for the Seismic Safety Commission, and they agreed to provide a list.

Commissioner Church asked if PIF was ruling out any possibility of funding from the Insurance Fund. Mr. Sepulveda responded that PIF may be willing to consider a pro rata share proportionate to their share of the benefits. He recommended first identifying the benefits, waiting for their response, and then trying to negotiate a proportionate share. Mr. Sepulveda said he got the impression PIF is willing to discuss the issues, but the Commission will need to present a compelling argument to get them to change their position.

Chairman Klein pointed out that many of the benefits listed in Attachment 2 directly benefit the insurance industry.

Mr. Sepulveda suggested providing PIF with a copy of the letter to the State and Consumer Services Agency and inviting their response.

With respect to staffing issues, Mr. McCarthy noted the Commission's staff of 12 has been reduced to 6 due to budget cuts in recent years. He encouraged commissioners to think creatively about how many staff people and what positions are needed to make a more efficient organization. Chairman Klein asked for more detailed job descriptions for the current staff positions. Mr. McCarthy said the staff can expand on the information in Attachment 4.

Commissioner McGavin noted Mr. Reid questioned whether certain functions could be done by other agencies. He suggested articulating why each staff position is critical to the Seismic Safety Commission and why each position should remain in-house. Commissioner McGavin pointed out that having to ask for permission to use a state geologist, for example, would dilute the Commission's effectiveness.

Commissioner Manning observed that the Commission already gets outside assistance when special expertise or input is needed. He cited the examples of the people who worked on the tsunami report and the *Homeowner's Guide to Earthquake Safety*, the contracts with San Jose State for document preparation and translation services, and the contract with San Diego State for Website assistance. Commissioners agreed that this point should be included in the letter.

Going on to discuss funding and legislation, Mr. Sepulveda said the Commission needs a placeholder bill to provide a source of funding and to defend against some of the criticisms. He stated that he had approached several potential authors. He noted the deadline for a new legislative proposal to go to the Legislative Counsel is late January, and the deadline for introducing a new bill is the third week in February. Mr. Sepulveda advised that these deadlines would be accelerated for a two-year bill, so it would probably be more practical to focus on developing a new bill.

Mr. Dillon recommended introducing a real placeholder bill that describes the general concept without any specific details. He suggested waiting until the first policy committee hearing to amend in substantive provisions. Mr. Dillon also recommended something different from the bill vetoed last year. Chairman Klein thanked Mr. Dillon for his good advice.

Commissioners concluded the best option would be to use a new bill to secure funding.

Mr. Sepulveda noted the Commission's current funding source sunsets on July 1, 2007, so the new legislation needs to be in place by January 1, 2007. He said this means the Governor needs to approve the bill in September 2006.

Mr. Sepulveda observed that an alternative might be to propose an extension of funding pending further negotiations regarding the sunset date. Chairman Klein and other commissioners expressed concern about waiting too long. Mr. McCarthy pointed out that the Commission's ability to receive three-year block grant funding and commit matching funds will be jeopardized if the Commission cannot ensure its continued existence. Commissioners agreed that the funding issue needs to be resolved within the next few months.

Mr. McCarthy said the staff will prepare a revised letter for the Commission's approval at the January 12 meeting. Ms. Cogan encouraged commissioners to fax additional comments and suggestions to the staff as soon as possible.

V. PUBLIC COMMENT

There were no members of the public who wished to address the Commission.

VI. COMMITTEE REPORTS

Commercial Building Owner's Guide Update Committee

Mr. Fred Turner said the COG Update Committee plans to meet on February 2, 2006, from 1:30 to 3:30 p.m. at the Commission office. Mr. Andrew Adelman said he planned to attend.

Legislative Advisory Committee

Mr. Henry Sepulveda suggested postponing the January 9 meeting to January 12, and Commissioner Church agreed.

VII. MISCELLANEOUS & GOOD OF MEETING

January 12 Meeting

Mr. McCarthy reminded commissioners that the January 12 meeting will be held in Room 4202 at the State Capital.

Mr. McCarthy said agenda items for the January meeting include the response letter to the State and Consumer Services Agency, plans for the April meeting in San Francisco, and a contract to produce a seismic safety timeline display using grant funds obtained by Commissioner Mileti.

April Meeting Plans

Mr. McCarthy welcomed suggestions regarding speakers and issues for the Commission's April meeting in San Francisco. He noted members of the public and news media will be the primary audience. He suggested inviting state and federal representatives to participate in a panel discussion on all-hazards insurance. He said former FEMA Director James Lee Witt and Insurance Commissioner John Garamendi have expressed interest in attending, and a representative from the California Earthquake Authority will be invited.

Commissioner Clark expressed support for the idea of an all-hazards insurance panel. He recommended inviting people from the Governor's Office and legislators. Mr. McCarthy noted OES is working with First Lady Maria Schriver.

Mr. McCarthy said the Commission meeting will be held on the morning of Monday, April 17, in an auditorium at the Moscone Center. He noted the Commission will discuss hotel room reservations later. He asked commissioners planning to attend the April meeting and conference to let the staff know as soon as possible.

Mr. McCarthy said the January meeting packet will include a list of outreach ideas from Commissioner Mileti. He welcomed additional suggestions from other commissioners.

Mr. Sepulveda noted the in-person meetings with legislators in January present a good opportunity to invite legislators to participate. He noted the meetings will take place on January 17, 18, and 19, and commissioners will receive a schedule on January 6. He encouraged other commissioners interested in participating to contact him.

Resolutions for Former Commissioners

Ms. Cogan drew attention to the proposed resolutions for former Commissioners Don Parker and Linden Nishinaga. Commissioner Shapiro said he submitted some additional material for Commissioner Nishinaga's resolution.

Annual Report

Ms. Cogan said the Commission will be asked to approve this year's annual report at the January 12 meeting. She welcomed comments and suggestions for changes.

Commissioner Keith Wheeler suggested revising the closing paragraph after the budget summary. He added he would email the staff new language about the outlook for 2006 and future challenges.

Spanish Yellow Pages

Ms. Cogan reported that she met a person who works for the Spanish Yellow Pages, and he expressed great interest in the Spanish version of the *Homeowner's Guide to Earthquake Safety*. She said she will be having a follow-up meeting with him next week.

Newsletter

Ms. Cogan drew attention to the latest issue of the newsletter in the meeting packet. She said the newsletter will be going to print within the next week or so, and she welcomed feedback from commissioners.

Commissioner Wheeler recommended distributing copies of the newsletter at the April meeting in San Francisco.

February Meeting

Ms. Cogan reported that the staff made arrangements for commissioners and staff to stay at the New Otani Hotel in Los Angeles on February 8. She noted the Commission meeting will be held February 9 at the Los Angeles City Council Chambers. She added that former Commissioner Hal Bernson and his daughter Nicole helped make the arrangements.

Fair Political Practices Commission Forms

Ms. Cogan said all commissioners will need to submit their annual Fair Political Practices Commission disclosure forms by mid-February. She advised that the staff will be sending revised versions of the form soon.

Commissioner Adelman's Reappointment Status

Mr. Adelman informed the Commission that his status as a commissioner had been suspended pending resolution of dispute over timing. He explained that Governor Schwarzenegger reappointed him to the Commission in July 2005 when his term expired, but he was out of the country at the time and did not complete the paperwork until he returned. When the documents were submitted, they were not processed in a timely fashion by the Governor's Office and they did not get to the Senate within 30 days,

as required by law. As a result, Mr. Adelman said, his reappointment status was being questioned. He noted that if someone is appointed and not confirmed, the person cannot be reappointed for a 12-month period.

Commissioner Manning said he understood that if the Governor fails to make an appointment, the Legislature itself can fill the vacancy. Mr. Adelman pointed out that in his case, the Governor did appoint him, so his situation was a bit different. He added that he did not find out about the problem until after the November election.

Mr. McCarthy reported that the Governor's Office called and explained, and indicated that Mr. Adelman is not a member of the Commission until the matter is resolved. Commissioner Shapiro noted Mr. Adelman can still attend meetings as a nonvoting guest and continue to participate on Commission committees.

VII. ADJOURN

There being no further business, the teleconference meeting was adjourned at 11:31 a.m.

Sue Celli
Office Manager

Approved by:

Richard McCarthy
Executive Director