

FIRM FOUNDATION

LA-area seismic retrofit mandates give Optimum Seismic a boost

By **HOWARD FINE** Staff Reporter

Ray Valentine's multifamily property owner clients were in a panic.

It was six years ago, and the city of Los Angeles had just sent out notices to owners of soft first-story multifamily structures built prior to 1980 giving them one year to submit a seismic retrofit plan to the city and six more years to complete the retrofit work.

Valentine, the owner and operator of **Matilla Group Property Management** in Playa del Rey, manages roughly 70 properties throughout the Los Angeles area, and many of his property owner clients had received the notices.

"It was rather a bombshell and a huge financial commitment for our clients," Valentine said.

But it was more than just the financial burden. Many of Valentine's property owner clients were mom-and-pop operations with no idea who to hire to do the seismic retrofit assessments and work.

At a seismic retrofit symposium, Valentine came across a booth operated by Vernon-based **Optimum Seismic Inc.**

"I was looking for companies that could do all the seismic retrofit work from soup to nuts and just take this issue off my hands," he said. "And Optimum Seismic seemed to stand out from the other companies there."

Valentine was not alone. Scores of other property managers and multifamily property owners were suddenly seeking out the company's services, giving the company a substantial boost in business.

This surge wasn't the first time it had benefited from a seismic retrofit mandate. The company got its start from a similar mandate the city of Los Angeles enacted in 1981 for unreinforced masonry buildings. The demand coming from building owners to meet that mandate helped convince **USC** civil engineering graduate **Ali Vahdani** to launch the company in 1984.

Optimum Seismic soon grew into one of up to two dozen boutique firms in Southern California specializing in all aspects of seismic retrofits, from conducting building assessments and making steel support structures used in the retrofits — the company has an assembly plant



Optimum Seismic executives Ali Sahabi and Ali Vahdani.

RINGO H.W. CHIU/LABJ

near its Vernon headquarters — to overseeing the actual retrofit construction work.

"We are one of the few firms that are truly full-service, from engineering to steel parts fabrication to construction," said **Ali Sahabi**, Vahdani's nephew and the firm's chief operating officer.

To date, the company has seismically retrofitted or renovated about 3,500 buildings, mostly in Southern California.

According to **Ross Stein**, co-founder and chief executive of Tiburon-based **Tembor Inc.**, which does earthquake risk modeling for the insurance industry, Optimum Seismic operates in the sweet spot in the local seismic retrofit industry, between huge engineering firms that tackle skyscrapers and other large structures and mom-and-pop firms that do foundation bolting for single-family homes and small commercial buildings.

Optimum Seismic also does some structural engineering work on multifamily and commercial structures that is not tied to seismic retrofits; many of those projects are part of building remodels or upgrades.

Pushing for mandates

Sahabi, who came to his uncle's firm after founding a development company, has also been an advocate for the seismic retrofit indus-

try, sponsoring forums and pushing local elected officials to enact seismic retrofit mandates.

The biggest seismic retrofit mandate is in the city of Los Angeles. As of this past September, through the 2015 ordinance, more than 12,500 soft first-story buildings that required seismic retrofits had been identified within city limits. About 7,000 have been retrofitted to date, according to an October release from the city.

Soft first-story buildings, which are often apartments, are wood-frame buildings that have a large opening on the first floor for tuck-under parking or garage doors. After the 1994 Northridge earthquake — during which a soft first-story apartment building called the Northridge Meadows Apartments collapsed, killing 16 people — these types of buildings were deemed especially vulnerable to quakes because their slim support poles can snap easily.

Most seismic retrofits for these buildings require either steel reinforcements added to the first-floor support poles or to the walls. Retrofits can cost anywhere from \$25,000 to \$160,000, depending on the amount of steel supports that must be added.

Despite the known dangers, it took nearly 20 years for cities to start enacting seismic retrofit mandates as local officials were wary of imposing the additional costs on landlords.

While mandates are viewed as crucial to compel building owners to complete the retrofits, pressure is also coming from lenders who are increasingly requiring the retrofits before making loans to enable other renovations or even to finance the purchase of the multifamily buildings.

And Sahabi said that even without the city mandates or lender requirements, completing seismic retrofits makes financial sense. If the buildings can remain standing and suffer only minimal damage after a quake, then that's less liability for the building owner.

Reducing that liability was one reason why one major local property manager sought out Optimum Seismic even before the enactment of mandates.

"Seismic retrofits are also important for safety and liability reasons," said **Bruce Harrison**, chief executive of Larchmont Village-based **Beaumont Company Inc.**, which manages about 200 properties, mostly multifamily, throughout Southern California.

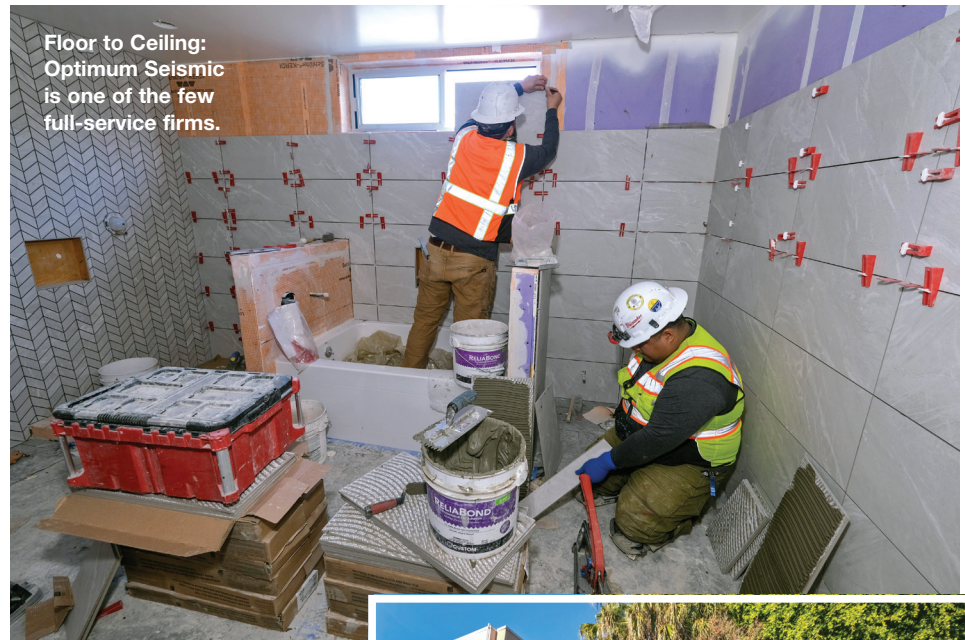
Harrison said his firm has worked with the company on about 50 to 60 seismic retrofit projects over the past seven years. He said Optimum Seismic's crews have generally adhered to schedules and worked at a steady pace, something that some of the other seismic retrofit firms he has worked with have had trouble achieving.

"Also, Ali Vahdani and the team at Optimum Seismic have been particularly adept at working with tenants to keep them satisfied during the construction process," he said.

Specifically, he said, Optimum Seismic almost always allowed tenants to use their parking spaces each evening after work for the day was completed, something that many other firms haven't done.

Covid challenges

With seismic retrofit deadlines looming for L.A.'s soft-story multifamily buildings over the next couple years, these should be boom times for Optimum Seismic. But the Covid-19 pandemic completely scrambled the picture. While Optimum Seismic itself has been able to function through the pandemic, its existing and potential clients got slammed. With hundreds of thousands of Angelenos suddenly losing their jobs due to the shutdown, Los Angeles, other cities and eventually the nation adopted eviction moratoria, allowing tenants to remain in place without paying rent as long as they could show they lost their job due to Covid.



Floor to Ceiling:
Optimum Seismic
is one of the few
full-service firms.

"With apartment building owners, there was great uncertainty over whether and when all their tenants would pay rent," Sahabi said. "With their revenue stream so uncertain, many put any thought of seismic retrofit work on hold."

That decision led in turn to a significant plunge in billings for the company in 2020 and early 2021 though Sahabi declined to indicate just how much.

Just as things were starting to turn around in 2021, a new challenge confronted the company: labor shortages. While Optimum Seismic kept most of its workers on during the pandemic downturn, the shortages have hindered its ability to find trained specialty contract workers.

Sahabi said the company has recently boosted pay levels to retain its existing workforce and recruit new workers.

Looking further ahead, Sahabi and Optimum Seismic are eyeing a new business opportunity: inspecting and strengthening balconies of multifamily and other buildings. In the wake of a 2015 balcony collapse in Berkeley that killed six **UC Berkeley** students, then-Gov. **Jerry Brown** in 2018 signed a balcony inspection bill, giving landlords of multifamily buildings with balconies until Jan. 1, 2025, to inspect those balconies and fix any problems found within 120 days.



Emergency Preparedness:
Sahabi and Vahdani said
retrofits reduce liability.



OPTIMUM SEISMIC INC.

HEADQUARTERS: Vernon

BUSINESS: Engineering and construction company specializing in building seismic retrofits

FOUNDED: 1984

CEO: Ali Vahdani

EMPLOYEES: About 100

ANNUAL REVENUE: \$20 million-\$50 million

NOTABLE: The co-founders of Optimum Seismic have two other businesses: Optimum Group, a real estate development company, and Optimum Builders, a construction company.