

CRMP

California Residential Mitigation Program A Joint Powers Authority

Date of Notice: Friday, May 4, 2018

PUBLIC NOTICE

**A PUBLIC MEETING
OF THE GOVERNING BOARD OF THE
CALIFORNIA RESIDENTIAL MITIGATION PROGRAM**

NOTICE IS HEREBY GIVEN that the Governing Board of the **California Residential Mitigation Program (CRMP)** will meet in Sacramento, California. The Bagley-Keene Open Meeting Act applies generally to meetings of the board, and the meeting is open to the public—public participation, comments, and questions will be welcome for each agenda item. All items are appropriate for action if the governing board wishes to take action. Agenda items may be taken out of order.

LOCATION: **California Earthquake Authority
801 K Street, Suite 1000
Main Conference Room
Sacramento, CA 95814**

DATE: Tuesday, May 15, 2018

TIME: 1:00 p.m.

AGENDA:

1. Call to order and member roll call:

Mitch Ziemer – Chair, Insurance and Claim Director, CEA
Grace Koch, Chief Deputy Director, Cal OES
Christina Curry – Vice Chair, Deputy Director, California Office of Emergency Services
Dan Dyce – Consultant, CEA

Establishment of a quorum

2. Consideration and approval of the minutes of the January 30, 2018 CRMP Governing Board meeting.
3. CRMP Executive Director Janiele Maffei will present her executive report.

4. CRMP Treasurer Tim Richison will present a financial update.
5. CRMP Managing Director Annde Ewertsen will present an Earthquake Brace + Bolt update.
6. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
7. Adjournment.

Inquiries/General Information:

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**To view this notice on the CRMP website, please visit
www.CaliforniaResidentialMitigationProgram.com**

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Persons with disabilities may request special accommodations at this or any future CRMP governing board meeting or may request the accommodation necessary to receive agendas or materials prepared for its board meetings.

Please contact Jacqueline Ball by telephone at (916) 661-5607 or by email at jball@calquake.com. We would appreciate hearing from you at least five days before the meeting date to best allow us to meet your needs.

NOTE: You might have received this notice because your name, or that of your organization, appears on a public-notice list maintained by the California Earthquake Authority. If in the future you do not wish to receive public notices pertaining to the California Residential Mitigation Program, please send your request by email to info@californiaresidentialmitigationprogram.com.

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

**Tuesday, January 30, 2018
1:00 p.m.**

Location: Governor's Office of Emergency Services (Cal OES)
3650 Schriever Avenue, MPR1
Mather, California

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

Mitch Ziemer, Chair, Insurance Director, California Earthquake Authority (CEA)
Christina Curry, Vice Chair, Deputy Director, Cal OES
Dan Dyce, Consultant, CEA
Grace Koch, Chief Deputy Director, Cal OES

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Annde Ewertsen, Managing Director, CRMP
Seth Merewitz, CRMP Counsel
Anthony Tassone
Jacqueline Ball
D'Anne Ousley

Also Present:

Trudy Miller
No members of the public addressed the Board.

1. Call to order and member roll call.

Mr. Ziemer called the meeting to order at 1:15 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the November 14, 2017, CRMP Governing Board Meeting.

Ms. Curry stated the word "preventions" should be "provisions" or "procedures" in the third paragraph on page 6.

MOTION: Ms. Curry moved approval of the November 14, 2017, California Residential Mitigation Program Governing Board Meeting Minutes as corrected. Mr. Dyce seconded. Motion carried unanimously.

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

Janiele Maffei, CRMP Executive Director, introduced Annde Ewertsen, the new Managing Director of the CRMP. Board members welcomed her to the team.

Ms. Maffei stated the 2018 EBB rolled out last week. She provided an overview, with a slide presentation, of the 2018 EBB launch press coverage, EBB launch speakers, Northern California marketing agency footage, and EBB launch statistics. Ms. Maffei stated EBB registrations have exceeded the 2017 response.

Ms. Maffei updated the Board on the CEA's mitigation projects:

Guideline Development

- ATC 110 Prestandard – the project is on schedule to be completed in the summer of 2018 and rolled out in 2019. Additional prescriptive retrofit plans are being developed for up to a 7-foot cripple wall to be incorporated into the EBB program as soon as possible.

Mr. Dyce stated the idea is that an engineer is not required when following this. Ms. Maffei agreed and stated a homeowner or contractor can do the work themselves because the plans are pre-engineered.

Ms. Curry asked if these homes are within the target age group. Ms. Maffei stated individuals preselect. Knowing that it is a pre-engineered solution and costs more, they may pull themselves out. It is more of an issue in Northern California.

Mr. Ziemer asked if Ms. Maffei was suggesting that the ATC 110 cripple wall piece would be available ahead of the rest of it. Ms. Maffei stated it was clear from the process that it is ahead of the other two. The other two - living space over a garage house and hillside house - will be done at the same time.

- Ms. Maffei stated there are houses that the prescriptive plans will not work for and will require an engineer. She pointed out areas of vulnerability of sample homes on the presentation slides. Staff applied for a FEMA Hazard Mitigation Grant Program (HMGP) funding to do a pilot earthquake soft-story (ESS) program for unique houses. This grant is not the average \$5,000 grant but is more in the \$10,000 to \$20,000 range.

Ms. Curry asked if an earthquake threat to a hillside house is a risk to other threats like landslide issues. Ms. Maffei agreed that there may be soil issues under the house, but what is addressed is on a vulnerability-by-vulnerability basis. The completed methodology will include vocabulary and photo examples for engineers to talk to homeowners about their issues.

Ms. Curry also requested CRMP bring the house model to the next meeting as an exhibit.

Research

- The Pacific Earthquake Engineering Research Institute (PEER) Cripple Wall House Mitigation Project – the project is now looking into how much the homeowner saves by retrofitting a house by testing systems that were not properly tested before so that when the house is modeled the best available science was used. Ms. Maffei showed a photo sample of a recent test to better understand the performance, better understand the damage, and give meaningful retrofit discounts. Currently the discount is 20 percent but the hope is to increase that percentage.

Ms. Koch asked when it is scheduled for completion. Ms. Maffei stated the three-year project is just under one third of the way through.

Education

- QuakeGrade – this product was developed by CEA but utilizes FEMA P-50 as its guidance/standards. It is a simplified assessment tool that can be used by home inspectors at point of sale to inform the buyer of known vulnerabilities in the house. The app rates the house; the score can be changed by implementing mitigation measures. QuakeGrade is backed by the California Real Estate Inspectors Association (CREIA). This year CREIA will take over the training program, create a certification, and include a list on their website of trained home inspectors.
- End-to-End Mitigation – staff is creating experiential learning tabs on the CEA website that answer basic questions about possible geological hazards, structural vulnerabilities, retrofit mitigation information, how to find a professional, and finance options.

CEA Annual Research Forum

The CEA Annual Research Forum will be held at the Sacramento Convention Center on February 22nd and 23rd. The theme is low-tech houses in a high-tech world.

4. CRMP Treasurer Tim Richison will present a financial update.

Anthony Tassone updated the Board for Tim Richison, who was unable to be in attendance. Mr. Tassone provided an overview, with a slide presentation, of the CRMP financial information as of November 30, 2017.

Ms. Curry asked about the figures that are in the Used of Budget column of the Napa EBB Project Budget Expenditures chart. Mr. Tassone stated initially on the project budget the costs were listed in the CEA Matching Website Expenses, but later it was determined that the cost primarily came from staff time. That is why the website and staff time line items are greater than what was budgeted.

Ms. Maffei asked about the budget for grants. Mr. Tassone referred to the Budgeted Expenditures and Actual Expenditures for the 2017 Budget Year on page 12 in the meeting packet, and stated the Grants to Homeowners line item lists the carryover plus the new ones. It is difficult to determine how many individuals will not complete their retrofit by the end of the year so that figure is an estimate.

5. CRMP Managing Director Annde Ewertsen will present an Earthquake Brace + Bolt update.

Annde Ewertsen, CRMP Managing Director, summarized the information provided in the staff memo on the HMGP opportunities, which was included in the meeting packet.

Ms. Koch asked about the amount of the HMGP funding for Northern California, Southern California, and statewide. Ms. Ewertsen stated they were each \$5 million.

Ms. Curry asked if the funding would be stretched over multiple years. Ms. Ewertsen stated it is a three-year performance period.

Earthquake Brace + Bolt Programs

Ms. Ewertsen provided an overview, with a slide presentation, of the Earthquake Brace + Bolt Programs.

- The 2018 program is in the midst of the registration period.
- The 2017 program will close in July of this year and is expected to hit the goal.
- The 2016 program will soon be closing; the last homeowner is submitting the final documentation.
- Five applicants for the Napa Brace + Bolt program plan to complete their retrofits by September 11th.
- The CEA Brace + Bolt program is open indefinitely. Later this year, staff will reach out again to those homeowners.

Ms. Maffei clarified that the CEA Brace + Bolt is different. The goal of 3,400 includes everyone in the ten ZIP codes who are identified as having this vulnerability. It looks bad that only 78 completed retrofits, but 2.3 percent is close to the effective rate of when the CEA goes into a community and notices individuals with direct mail. It is not a bad completion rate, but it was expected that CEA homeowners would be more proactive. Staff is looking at other ways to reach out to homeowners to encourage retrofits.

Ms. Curry asked how many policyholders have received the discount because of this program. Homeowners could have applied for the regular program. Ms. Ewertsen stated she will get that information to Board members.

Mr. Ziemer asked which group was targeted in the recent mailing. Ms. Ewertsen stated it targeted CEA policyholders notifying them about the 2018 program.

Ms. Koch asked what percentage drops out of the initial application. Ms. Ewertsen stated approximately 68 percent drop out. Ms. Maffei stated 5,700 applications were received last year and 2,000 completed the retrofit.

- Ms. Ewertsen continued the slide presentation and discussed the number of contractors who completed the FEMA training, the number of retrofits they completed, and the number and cost of retrofits completed by the end of 2017.

Mr. Ziemer stated he is not comfortable putting out the average cost because it is always higher than ideal. He stated Ms. Ewertsen chose the term “median” over “average.” He asked if that is intentional. Ms. Maffei stated there is now the ability to do data mining. She stated she used to say there is a significant difference between Northern and Southern California but it should be clarified that there is an even smaller geographic area where most of the higher numbers are in Northern California. She stated she is comfortable saying the average is approximately \$5,000 because the other ones were unique.

Ms. Koch stated it could be cut any way, such as by county or region.

Mr. Ziemer stated he has been uncomfortable with the term “average” because it is skewed and does not represent what is being done with the Brace + Bolt program.

Ms. Maffei stated Southern California communities with stem walls, such as San Bernardino, all come in at \$3,000. There are architectural changes between cities and cost of construction

changes. Ms. Ewertsen stated she is hopeful that in the future there will be more information regarding some of this data that can help define some of that.

Ms. Curry asked if there is a chart broken out by the north and south. Ms. Maffei stated the team could put together regional discrepancies in cost for the next meeting. Ms. Ewertsen noted that the engineered retrofits are substantially more.

- Ms. Ewertsen continued the slide presentation and discussed the home inspection company, Twining Incorporated. Staff provides random samples of homes for them to inspect to ensure retrofits were done appropriately. 54 inspections were done in 2017.

Ms. Koch asked about the findings. Ms. Maffei stated she reviews the findings and sees one minor issue that comes up that she is not concerned about where the measurement between the bolt and the end of the piece of wood is not always exact. It is not a concern in terms of the overall performance but it provides an opportunity to communicate with the contractors and add this to the training.

- Ms. Ewertsen continued the slide presentation and discussed the maps showing the location of completed retrofits and the number of contractors in Northern and Southern California.
- The contract for Twining Incorporated, the home inspection group, will expire in April and will require an RFQ, so staff did a three-month amendment to their contract.
- The auditor RFQ will be going out this year, as well. There was additional discussion about the amendment to the auditor contract and when a new auditor would be necessary—2018 audit in 2019

Ms. Ewertsen stated an article in the National Institute of Building Sciences found that every federal dollar spent on mitigation helps reduce future costs by an average of six dollars.

6. 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.

7. Adjournment.

The next Board meeting is scheduled for May 15, 2018.

There being no further business, the meeting was adjourned at 2:18 p.m.

CRMP Governing Board Memorandum

May 15, 2018

Agenda Item 3: Executive Report by Executive Director Janiele Maffei

Recommended Action: No Action Necessary

Background:

Executive Director Janiele Maffei will provide an update on the CRMP and CEA mitigation interests and projects.

Recommendation:

No action necessary.

Governing Board Memorandum

May 15, 2018

Agenda Item #4: Treasurer's Financial Update

Recommended Action: No Action Necessary

Background:

CRMP Treasurer, Tim Richison, will review the CRMP financial statements as of December 31, 2017 and March 31, 2018.

Recommendation:

No action is necessary.

California Residential Mitigation Program
(CRMP)

FINANCIAL
REPORT

BOARD MEETING
Tuesday, May 15, 2018

California Residential Mitigation Program
Balance Sheet
As of December 31, 2017

Assets

Cash and cash equivalents	\$ 2,027,465
Accounts receivable	32,747
Prepaid expenses	<u>1,900</u>
Total assets	<u><u>\$ 2,062,112</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable and accrued expenses	<u>\$ 249,657</u>
Total liabilities	<u>249,657</u>

Fund Balance:

Unassigned	<u>1,812,455</u>
Total fund balance	<u>1,812,455</u>
Total liabilities and fund balance	<u><u>\$ 2,062,112</u></u>

**California Residential Mitigation Program
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2017**

Revenues:	
Contributions from members	\$ 5,400,000
Contributions from other governments	3,096,000
	<hr/>
Total revenues	8,496,000
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Expenditures:	
Administration and office expenses	\$ 4,583
Audit services	39,000
Board services	1,105
Grants to homeowners	6,561,142
Inspection services	77,850
Insurance	33,535
IT administrative support	19,499
Legal services	53,038
Marketing services	305,038
Program education	5,356
Program support	84,517
Travel	14,622
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Total expenditures	7,199,285
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Net change in fund balance	1,296,715
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Fund balance, beginning of year	515,740
	<hr/>
Fund balance, end of year	\$ 1,812,455
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**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
2017 Budget Year
as of December 31, 2017**

	Approved 2017 Budget 1/1/2017	Adjustments	Augmentations	2017 Budget after Augmentations and Adjustments	Actual Expenditures	Augmented & Adjusted Approved Budget vs. Actual Expenditures	Percentage used of Augmented & Adjusted 2017 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ 5,400,000	\$ 5,400,000	100.00%
FEMA	150,000			150,000	96,000	(54,000)	64.00%
Department of Insurance	3,000,000			3,000,000	3,000,000	-	100.00%
Total Revenue	3,150,000	-	-	3,150,000	8,496,000	5,346,000	269.71%
CRMP Administration Expenses							
Travel	37,000			37,000	14,622	22,378	39.52%
Board Services	3,500			3,500	1,105	2,395	31.57%
Administration & Office	62,150			62,150	4,583	57,567	7.37%
Insurance	38,000			38,000	33,535	4,465	88.25%
Financial Audit	50,000			50,000	39,000	11,000	78.00%
Legal Services	200,000			200,000	53,038	146,962	26.52%
Total Administration Expenses	390,650	-	-	390,650	145,883	244,767	37.34%
EBB Program Expenses							
Software/Information Technology	23,650			23,650	19,499	4,151	82.45%
Call Center	110,000			110,000	84,517	25,483	76.83%
Home Inspection Services	95,000			95,000	77,850	17,150	81.95%
EBB Marketing	325,000			325,000	305,038	19,962	93.86%
EBB Program Education	75,000			75,000	5,356	69,644	7.14%
Grants to Homeowners (2,505 payments at \$3,000)	7,515,000			7,515,000	6,561,142	953,858	87.31%
Total EBB Program Expenses	8,143,650	-	-	8,143,650	7,053,402	1,090,248	86.61%
Total Administrative and Program Expenses	\$ 8,534,300	\$ -	\$ -	\$ 8,534,300	\$ 7,199,285	\$ 1,335,015	84.36%

**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
Main Program
as of December 31, 2017**

	Approved 2017 Budget 1/1/2017	Adjustments	Augmentations	2017 Budget after Augmentations and Adjustments	Actual Expenditures	Augmented & Adjusted Approved Budget vs. Actual Expenditures	Percentage used of Augmented & Adjusted 2017 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ 5,400,000	\$ (5,400,000)	100.00%
Total Revenue	-	-	-	-	5,400,000	(5,400,000)	100.00%
CRMP Administration Expenses							
Travel	37,000			37,000	14,622	22,378	39.52%
Board Services	3,500			3,500	1,105	2,395	31.57%
Administration & Office	62,150			62,150	4,583	57,567	7.37%
Insurance	38,000			38,000	33,535	4,465	88.25%
Financial Audit	50,000			50,000	39,000	11,000	78.00%
Legal Services	200,000			200,000	53,038	146,962	26.52%
Total Administration Expenses	390,650	-	-	390,650	145,883	244,767	37.34%
EBB Program Expenses							
Software/Information Technology	23,650			23,650	19,499	4,151	82.45%
Call Center	108,500			108,500	84,167	24,333	77.57%
Home Inspection Services	95,000			95,000	77,850	17,150	81.95%
EBB Marketing	325,000			325,000	303,586	21,414	93.41%
EBB Program Education	75,000			75,000	5,356	69,644	7.14%
Grants to Homeowners (1,455 payments at \$3,000)	4,365,000			4,365,000	3,465,142	899,858	79.38%
Total EBB Program Expenses	4,992,150	-	-	4,992,150	3,955,600	1,036,550	79.24%
Total Administrative and Program Expenses	\$ 5,382,800	\$ -	\$ -	\$ 5,382,800	\$ 4,101,483	\$ 1,281,317	76.20%

**California Residential Mitigation Program
Project Budget Expenditures
Napa EBB
as of December 31, 2017**

	Project Budget	Used Budget Thru 12/31/16	2017 Used Budget	Total Used Budget	Remaining Budget \$	Used of Budget %
Revenue:						
FEMA Reimbursement Grant	\$ 300,000	\$ 155,142	\$ 96,000	\$ 251,142	\$ 48,858	83.71%
CEA Matching Contribution ¹	100,000	96,920	3,329	100,249	(249)	100.25%
Total Revenue	\$ 400,000	\$ 252,062	\$ 99,329	\$ 351,391	\$ 48,609	87.85%
Expenses:						
CEA Matching Expenses:						
Staff Time ¹	\$ 36,500	\$ 37,333	\$ 2,900	\$ 40,233	\$ (3,733)	110.23%
Website ¹	3,000	59,587	429	60,016	(57,016)	2000.53%
	<u>39,500</u>	<u>96,920</u>	<u>3,329</u>	<u>\$ 100,249</u>	<u>\$ (60,749)</u>	<u>253.80%</u>
CRMP Expenses:						
Legal Services	12,500	30,735	-	30,735	(18,235)	245.88%
Call Center	9,000	538	351	889	8,111	9.88%
Marketing	28,000	26,283	1,451	27,734	266	99.05%
Insurance	1,000	-	-	-	1,000	0.00%
Photos of each house	10,000	-	-	-	10,000	0.00%
	<u>60,500</u>	<u>57,556</u>	<u>1,802</u>	<u>59,358</u>	<u>1,142</u>	<u>98.11%</u>
Homeowner Incentives:						
Grants to homeowners (100 payments at \$3,000)	300,000	155,142	96,000	251,142	48,858	83.71%
Total Expenses	\$ 400,000	\$ 309,618	\$ 101,131	\$ 410,749	\$ (10,749)	102.69%

¹ FEMA matching requirements for revenue and expenses are only shown on project budget, they are not part of CRMP overall budget. Amounts are as of last reimbursement request which was 12/31/17.

**California Residential Mitigation Program
Project Budget Expenditures
State of California - Department of Insurance
as of December 31, 2017**

	<u>Project Budget</u>	<u>Used Budget Thru 12/31/16</u>	<u>2017 Used Budget</u>	<u>Total Used Budget</u>	<u>Remaining Budget \$</u>	<u>Used of Budget %</u>
Revenue:						
Appropriation - 2016/2017 Program	\$3,000,000	\$ -	\$3,000,000	\$3,000,000	\$ -	100.00%
Total Revenue	\$3,000,000	\$ -	\$3,000,000	\$3,000,000	\$ -	100.00%
Expenses:						
Grants to homeowners (1,000 payments at \$3,000)	\$3,000,000	\$ -	\$3,000,000	\$3,000,000	\$ -	100.00%
Total Expenses	\$3,000,000	\$ -	\$3,000,000	\$3,000,000	\$ -	100.00%

California Residential Mitigation Program
Balance Sheet
As of March 31, 2018

Assets

Cash and cash equivalents	\$ 846,718
Accounts receivable	<u>22,260</u>
Total assets	<u><u>\$ 868,978</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable and accrued expenses	<u>\$ 2,711</u>
Total liabilities	<u>2,711</u>

Fund Balance:

Unassigned	<u>866,267</u>
Total fund balance	<u>866,267</u>
Total liabilities and fund balance	<u><u>\$ 868,978</u></u>

**California Residential Mitigation Program
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year-to-Date Ended March 31, 2018**

Revenues:	
Contributions from members	\$ -
Contributions from other governments	-
	<hr/>
Total revenues	-
	<hr/>
Expenditures:	
Administration and office expenses	\$ 20,484
Grants to homeowners	829,480
Insurance	1,900
IT administrative support	2,291
Legal services	18,933
Marketing services	41,029
Program support	26,719
Travel	3,604
	<hr/>
Total expenditures	946,188
	<hr/>
Net change in fund balance	(946,188)
Fund balance, beginning of year	<hr/> 1,812,455
Fund balance, end of year to date	<hr/> <u>\$ 866,267</u>

**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
2018 Budget Year
as of March 31, 2018**

	Approved 2018 Budget 1/1/2018	Adjustments	Augmentations	2018 Budget after Augmentations and Adjustments	Actual Expenditures	Augmented & Adjusted Approved Budget vs. Actual Expenditures	Percentage used of Augmented & Adjusted 2018 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%
Total Revenue	-	-	-	-	-	-	100.00%
CRMP Administration Expenses							
Travel	32,000			32,000	3,604	28,396	11.26%
Professional Dues and Memberships	800			800	-	800	0.00%
Board Services	2,300			2,300	338	1,962	14.70%
Administration & Office	79,050			79,050	20,484	58,566	25.91%
Insurance	38,000			38,000	1,900	36,100	5.00%
Financial Audit	50,000			50,000	-	50,000	0.00%
Legal Services	100,000			100,000	18,933	81,067	18.93%
Total Administration Expenses	302,150	-	-	302,150	45,259	256,891	14.98%
EBB Program Expenses							
Software/Information Technology	25,250			25,250	2,291	22,959	9.07%
Call Center	120,000			120,000	26,719	93,281	22.27%
Home Inspection Services	95,000			95,000	1,410	93,590	1.48%
EBB Marketing	325,000			325,000	41,029	283,971	12.62%
EBB Program Education	75,000			75,000	-	75,000	0.00%
Grants to Homeowners (2,000 payments at \$3,000)	6,000,000			6,000,000	829,480	5,170,520	13.82%
Total EBB Program Expenses	6,640,250	-	-	6,640,250	900,929	5,739,321	13.57%
Total Administrative and Program Expenses	\$ 6,942,400	\$ -	\$ -	\$ 6,942,400	\$ 946,188	\$ 5,996,212	13.63%

**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
Main Program
as of March 31, 2018**

	Approved 2018 Budget 1/1/2018	Adjustments	Augmentations	2018 Budget after Augmentations and Adjustments	Actual Expenditures	Augmented & Adjusted Approved Budget vs. Actual Expenditures	Percentage used of Augmented & Adjusted 2018 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.00%
Total Revenue	-	-	-	-	-	-	100.00%
CRMP Administration Expenses							
Travel	32,000			32,000	3,604	28,396	11.26%
Professional Dues and Memberships	800			800	-	800	0.00%
Board Services	2,300			2,300	338	1,962	14.70%
Administration & Office	79,050			79,050	20,484	58,566	25.91%
Insurance	38,000			38,000	1,900	36,100	5.00%
Financial Audit	50,000			50,000	-	50,000	0.00%
Legal Services	100,000			100,000	18,933	81,067	18.93%
Total Administration Expenses	302,150	-	-	302,150	45,259	256,891	14.98%
EBB Program Expenses							
Software/Information Technology	25,250			25,250	2,291	22,959	9.07%
Call Center	120,000			120,000	26,708	93,292	22.26%
Home Inspection Services	95,000			95,000	1,410	93,590	1.48%
EBB Marketing	325,000			325,000	41,029	283,971	12.62%
EBB Program Education	75,000			75,000	-	75,000	0.00%
Grants to Homeowners (2,000 payments at \$3,000)	6,000,000			6,000,000	829,480	5,170,520	13.82%
Total EBB Program Expenses	6,640,250	-	-	6,640,250	900,918	5,739,332	13.57%
Total Administrative and Program Expenses	\$ 6,942,400	\$ -	\$ -	\$ 6,942,400	\$ 946,177	\$ 5,996,223	13.63%

**California Residential Mitigation Program
Project Budget Expenditures
Napa EBB
as of March 31, 2018**

	Project Budget	Used Budget Thru 12/31/17	2018 Used Budget	Total Used Budget	Remaining Budget \$	Used of Budget %
Revenue:						
FEMA Reimbursement Grant	\$ 300,000	\$ 155,142	\$ -	\$ 155,142	\$ 144,858	51.71%
CEA Matching Contribution ¹	100,000	100,249	-	100,249	(249)	100.25%
Total Revenue	\$ 400,000	\$ 255,391	\$ -	\$ 255,391	\$ 144,609	63.85%
Expenses:						
CEA Matching Expenses:						
Staff Time ¹	\$ 36,500	\$ 40,233	\$ -	\$ 40,233	\$ (3,733)	110.23%
Website ¹	3,000	60,016	-	60,016	(57,016)	2000.53%
	39,500	100,249	-	\$ 100,249	\$ (60,749)	253.79%
CRMP Expenses:						
Legal Services	12,500	30,735	-	30,735	(18,235)	245.88%
Call Center	9,000	889	11	900	8,100	10.00%
Marketing	28,000	27,734	-	27,734	266	99.05%
Insurance	1,000	-	-	-	1,000	0.00%
Photos of each house	10,000	-	-	-	10,000	0.00%
	60,500	59,358	11	59,369	1,131	98.13%
Homeowner Incentives:						
Grants to homeowners (100 payments at \$3,000)	300,000	251,142	-	251,142	48,858	83.71%
Total Expenses	\$ 400,000	\$ 410,749	\$ 11	\$ 410,760	\$ (10,760)	102.69%

¹ FEMA matching requirements for revenue and expenses are only shown on project budget, they are not part of CRMP overall budget. Amounts are as of last reimbursement request which was 12/31/17.

CRMP Governing Board Memorandum

May 15, 2018

Agenda Item 5: Earthquake Brace + Bolt Update

Recommended Action: No Action Necessary – Information Only

1. Earthquake Brace and Bolt (EBB) Programs

CRMP has three active programs: 2017 and 2018 Earthquake Brace + Bolt and Napa Brace + Bolt. The status of each program and statistics are presented below.

Earthquake Brace + Bolt Programs (as of 04/30/18 COB)				
Program	Goal	Completed	% of Goal	Status
2018 Earthquake Brace + Bolt	2,000	147	7.4%	Opened: March 5 Accepted: 5,000 Permits: 1,145
2017 Earthquake Brace + Bolt	2,000	2,170	109%	Expected to close July 28, 2018 Permits: Additional 41 in queue
Napa Brace + Bolt	100	84	84%	Close date: May 31, 2018
Total	4,100	2,401	59%	

The completion of 147 retrofits to date for the 2018 program is far outpacing (206% higher) the 48 retrofits completed for the 2017 program during the same time period. While the reason(s) why the retrofits have been completed at a rapider rate this year are unknown, EBB surmises that the outreach conducted by the program to all participants in a timely manner is at least partially responsible for the uptick.

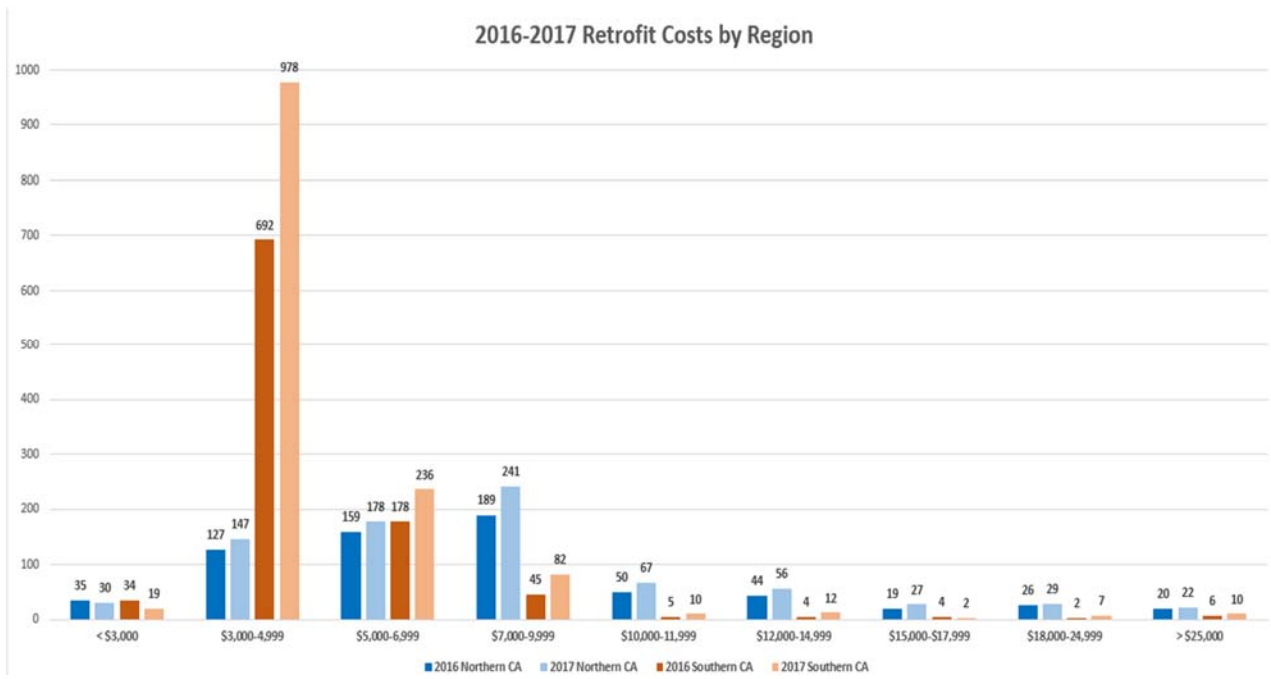
As of April 30, 2018 (COB), the number of FEMA-trained contractors in the EBB directory has increased 13.2% from 906 to 1,026. Of those, 27% (275) had completed at least one retrofit and 4.7% (48) completed more than 20 retrofits.

Contractors in EBB Directory—range of retrofits completed										
Completed retrofits	0	1	2-5	6-10	11-20	21-49	50-99	100-399	400+	Total
# of contractors	751	55	105	43	24	20	9	12	7	1,026

EBB Northern and Southern Regional Differences

Analyses completed on the 2016 and 2017 EBB programs has highlighted regional differences and other interesting statistics. While the average and median cost remained relatively stagnant across program years, some of the costs went down slightly in 2017. Northern California retrofits (median \$7,335.83/ average \$8,667.51) are more expensive than Southern California (median \$3,949.11/ average \$4,739.74), with the median and average cost almost double, predominately because of the type of retrofit completed. In Southern California, there are more bolt-only retrofits completed, while

Northern California has more engineered retrofits. The minimum and maximum costs for a retrofit became more balanced across the regions in 2017.



Northern CA Retrofits			Southern CA Retrofits		
Program Year:	2016	2017	Program Year:	2016	2017
Total # of Retrofits:	669	797	Total # of Retrofits:	970	1356
Average Cost:	\$ 8,699.40	\$ 8,667.51	Average Cost:	\$ 4,596.95	\$ 4,739.74
Median Cost:	\$ 7,138.58	\$ 7,335.83	Median Cost:	\$ 3,950.00	\$ 3,949.11
Min Cost:	\$ 928.27	\$ 1,142.99	Min Cost:	\$ 562.01	\$ 1,196.68
Max Cost:	\$ 75,464.63	\$ 54,362.00	Max Cost:	\$ 46,663.94	\$ 45,390.30

Engineered and Non-Engineered Retrofits

For the 2017 EBB program, more than 90% of retrofits were non-engineered. Costs, as expected, were substantially more for engineered retrofits. The minimum costs were similar because the engineered retrofit was completed by a homeowner that also was an engineer. The maximum cost for engineered and non-engineered were closer than anticipated. Upon further review of the data, it was determined that EBB did not require enough specificity about the work completed in the invoices to separate out specific EBB retrofit work from additional work completed at the same time. This was remedied in the rules for the 2018 program and all future programs.

2017 Retrofits by Type		
Type of Retrofit	Engineered	Non-Engineered
Total # of Retrofits:	210	1943
Average Cost:	\$ 14,906.49	\$ 5,252.43
Median Cost:	\$ 13,291.03	\$ 4,500.00
Min Cost:	\$ 1,886.76	\$ 1,142.99
Max Cost:	\$ 54,362.00	\$ 40,200.00

2. RFQ/P 08/11 - Site Inspection Services

CRMP issued a RFQ/P on April 6, 2018, for Site Inspection Services that closes on May 14, 2018. The current contract with Twining Incorporated expires July 31, 2018. Advertisement was mailed to 62 Engineering & Construction organizations and direct email to 13 Engineering & Construction organizations, which included the California State Licensing Board (CSLB). CEA and CSLB also posted the information on their websites. Results of proposal submissions will be presented at the next board meeting on August 21, 2018 and motioned for board approval.

3. Additional Funding and Future Funding Opportunities

CEA has applied for and been granted FEMA funds for an EBB program. In addition, CEA is in the process of applying for additional funding currently available.

Hazard Mitigation Grant Program (HGMP) DR-4193

The FEMA Napa Program started April 1, 2016, and to date has completed 84 retrofits with 1 permit and 4 extensions. On April 6, 2018, we submitted a formal request to extend the project completion date from September 11, 2018 to October 30, 2018. Formal approval of this extension was received on April 17, 2018. Currently close-out documents are being processed and are due no later than July 30, 2018, to accommodate the 90-day Cal OES close-out process. All homeowners have been notified their retrofits must be complete by May 31, 2018.

Hazard Mitigation Grant Program (HMGP) DR-4305

On April 6, 2018, CEA submitted a revised application for HMGP funding for Project Number DR-4305-0043 to Cal OES. Revisions to our Cost Estimate Summary and related narratives were provided as indicated below:

Data	Original	Revised
Retrofit grants to homeowners	1,000	2,000
Total Project Cost Estimate	\$4,000,000	6,000,000
Sub Recipient (Non-Federal Share)	1,000,000	3,000,000
Federal Share	3,000,000	3,000,000 (<i>unchanged</i>)
Sub Recipient Percentage	25%	50%

Federal Percentage	75%	50%
Proposed Non-Federal Source	CEA	CEA (<i>unchanged</i>)
Funding Type	Labor, Consult Fees	Cash

Revisions were made to ensure the program would be available in all current ZIP codes with the ability to expand to additional ZIP codes and to provide up to 2,000 retrofits.

Hazard Mitigation Grant Program (HMGP) DR-4344

CEA submitted and received acceptance for four Notice of Interest submitted for HMGP DR 4344 (October 2017 Wildfires). Four Notice of Interest (NOI) were submitted for programs in Northern California ZIP codes, Southern California ZIP codes, statewide, and one Notice of Interest for a pilot retrofit project for single-family soft-story houses that adheres to ATC 110. The \$5 million maximum federal share allowable under the DR-4344 program was requested in each NOI. In early April, CEA was notified of eligibility to submit sub applications for all NOIs. Project sub applications are currently in progress with a deadline date of July 1, 2018.

Hazard Mitigation Grant Program (HMGP) DR-4353

CEA submitted and received acceptance for four Notice of Interest for HMGP DR 4353 (December 2017 California Wildfires). Four Notice of Interest (NOI) were submitted for programs in Northern California ZIP codes, Southern California ZIP codes, statewide, and one Notice of Interest for a pilot retrofit project for single-family soft-story houses that adheres to ATC 110. The \$3 million maximum federal share allowable under DR-4353 program was requested in each NOI. In late April, CEA was notified of eligibility to submit applications for all four projects. Project sub applications are due no later than September 4, 2018.

4. CEA BB Update

During the CEA’s March Board meeting, Executive Director Janiele Maffei notified the board that CEA will be adding ZIP codes to the program to allow participation by the approximately 6,000 policyholders who will likely experience a rate increase of least 15% or more, if CEA’s recent Rate and Form Filing is accepted. Basic program eligibility criteria would remain the same. Eligible CEA policyholders (1) must have insured their house with CEA for at least three years, (2) own a pre-1940 house in selected ZIP codes, (3) have an RFF-caused rate increase greater than 15%, and (4) whose house properties are eligible for a code-compliant EBB retrofit.

5. Other Items of Interest

- EBB 2018 Retrofit Budget
 - 2018 Retrofit Budget = 2,000 retrofits
 - Projected Retrofits – 2,400 retrofits
 - Budget Deficit = 400 retrofits
 - Potential future budget request to increase budget to cover deficit
- EBB Program Relations
 - Working with a contractor to ensure compliance with program rules
 - Finalized an issue with an applicant regarding eligibility of grant
 - CEA policyholders with completed EBB retrofits

- EBB and CEA BB Program Rules updated
 - Program Rules for EBB and CEA BB programs were updated and provided to homeowners that were accepted into the 2018 program(s) (see attached).
- EBB Program utilizing FEMA grants
 - Additional rule changes in development to allow FEMA funding for future programming
 - Working with CEA IT to develop backend programming needed to accept and comply with FEMA grants



Summary of Program Rule Changes

Effective as of March 1, 2018, the Earthquake Brace + Bolt Rules for Participation have been updated to include the changes below. The information below is only a summary. Please see the complete Program Rules online at the link below for additional detail:

<https://www.EarthquakeBraceBolt.com/Content/ProgramRules>

Summary of Changed Sections:

- Sections 1.12 and 2.3** Removed and replaced by new **Section 5 Personal Information, Privacy Policy, and Terms of Use**
- Section 1.4** All Qualifying Seismic Retrofits, including engineered solutions, must be in accordance with Chapter A3. No partial Chapter A3 retrofits are permitted. The qualifying EBB retrofit must meet or exceed the Chapter A3 requirements for both sill plate anchorage and cripple wall bracing (if cripple walls are present).
- Section 1.5** The Qualifying Houses eligibility requirements have been modified to add that a house that has completed a Chapter A3 retrofit before acceptance into the program is not eligible for any incentive payment.
- Section 1.5.3 New Owner-Occupied Requirement**
- The term “owner-occupied” for purposes of requirements for Qualifying Houses shall mean that the homeowner registering and answering the EBB qualification questions must (1) use the house as its primary residence, (2) be an owner of record, and (3) live in the house at the time of the application submission and at the time when the retrofit is completed as evidenced by deeds, driver’s license, utility bills and other forms of evidence acceptable to EBB.
- Section 1.8.1(b)** New requirement to obtain a building permit dated after acceptance into the EBB program.

(Continued on back)

Section 1.8.2 (c) See several new additional requirements for invoices and receipts for both licensed contractors that performed the work or Participating Homeowners that performed the work, including:

- Invoice must contain description of work completed
- Separation of seismic work for EBB from other work performed
- Date work was performed
- Identification of additional non-reimbursable expenses
- Other requirements for receipts

Section 2.1.3 (b) Adding a new provision to provide that any Participating Contractor or Participating Engineer may be removed from the Contractor Directory or Engineer Directory, as applicable, if they fail to meet the Program Requirements or complete work not in accordance with Chapter A3.

Section 2.1.4 Design Professionals must:

- (a) Ensure all submissions (e.g., plans, design, letters) completed for an EBB retrofit are in accordance with Chapter A3 of CEBC;
- (b) Not be barred by the State of California or the federal government from bidding on, accepting, or performing any State of California or federal-government-funded public works contracts, either as a contractor or subcontractor; and
- (c) Demonstrate a commitment to work within the local jurisdiction's building construction process;
 - In its sole discretion, EBB may remove a Design Professional from the Engineer Directory, or future directories, for:
 - o Failing to meet the requirements referenced above; and
 - o For using EBB's trademark or EBB's phrase "Brace+Bolt" — or any mark or phrase that is, in EBB's opinion and sole discretion, reasonably similar to EBB's registered marks — in any manner that implies that the Design Professional is affiliated with EBB in any manner beyond its status as a Design Professional listed on the website.
 - EBB has no obligation to maintain, keep current, or monitor licensing, financial condition, contracts, or competence of any Design Professional listed on any directory or any other Design Professional hired by a Participating Homeowner.

Section 5 **Personal Information, Privacy Policy and Terms of Use for Participants, Contractors and Design Professionals**