

CRMP

California Residential Mitigation Program A Joint Powers Authority

Date of Notice: Friday, August 26, 2016

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 (“CEA”)
801 K Street
10th Floor
Sacramento, California**

DATE: Tuesday, September 6, 2016

TIME: 1:00 p.m.

AGENDA:

1. Call to order and member roll call:

Mitch Ziemer – Chair, Insurance Director, CEA
Christina Curry – Vice Chair, Deputy Director, California Office of Emergency Services
Dan Dyce – Consultant, CEA
Nancy Ward - Chief Deputy, California Office of Emergency Services

Establishment of a quorum

2. Consideration and approval of the minutes of the July 14, 2016, CRMP Governing Board meeting.
3. CRMP Executive Director Janiele Maffei will present her executive report.
4. CRMP Treasurer Tim Richison will present a financial report.

5. Mr. Richison and a representative of JLK Rosenberger, LLP, will present the report of the annual audit of CRMP's financial statements for the year ended December 31, 2015.
6. CRMP Managing Director Sheri Aguirre will present an update on the Earthquake Brace + Bolt program and the Napa Brace + Bolt programs.
7. Ms. Aguirre will present an update on the CEA Brace + Bolt program.
8. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
9. Adjournment.

Inquiries/General Information:

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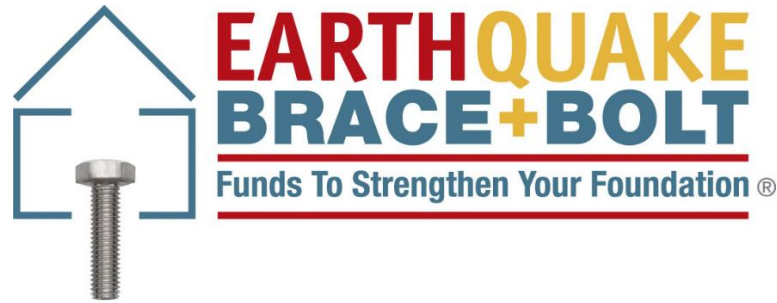
**To view this notice on the CRMP website, please visit
www.CaliforniaResidentialMitigationProgram.com**

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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@californiareidentialmitigationprogram.com.



**Drafting Meeting Minutes
are not available.
Please see CRMP Governing
Board Meeting
Approved Minutes.**

CRMP Governing Board Memorandum

Sept 6, 2016

Agenda Item 3: Executive Report by Executive Director Janiele Maffei

Recommended Action: No Action Necessary

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

Governing Board Memorandum

September 6, 2016

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 July 31, 2016.

Recommendation:

No action is necessary.

California Residential Mitigation Program
(CRMP)

FINANCIAL
REPORT

BOARD MEETING

Tuesday, September 6, 2016

California Residential Mitigation Program
Balance Sheet
As of July 31, 2016

Assets

Cash and cash equivalents	\$ 1,142,465
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Total assets	\$ 1,142,465
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Liabilities and Fund Balance

Liabilities:

Accounts payable and accrued expenses	\$ 3,000
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Total liabilities	3,000
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Fund Balance:

Unassigned	1,139,465
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Total fund balance	1,139,465
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Total liabilities and fund balance	\$ 1,142,465
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**California Residential Mitigation Program
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year-To-Date Ended July 31, 2016**

Revenues:	
Contributions from members	\$ 1,000,000
Contributions from other governments	1,237,085
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Total revenues	2,237,085
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Expenditures:	
Administration and office expenses	\$ 3,708
Audit services	37,000
Board services	942
Grants to homeowners	1,961,995
IT administrative support	8,273
Legal services	57,425
Marketing services	247,365
Program support	22,454
Training	800
Travel	10,586
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Total expenditures	2,350,548
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Net change in fund balance	(113,463)
Fund balance, beginning of year	1,252,928
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Fund balance, end of year to date	\$ 1,139,465
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**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
2016 Budget Year**

	Approved 2016 Budget 1/1/2016	Adjustments ^A thru 7/31/2016	Augmentations thru 7/31/2016	2016 Budget after Augmentations and Adjustments	Used Budget as of 7/31/16	Augmented & Adjusted Approved 2016 Budget Remaining as of 7/31/16	Percentage used of Augmented & Adjusted Approved 2016 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ (1,000,000)	>100%
FEMA	300,000			300,000	-	300,000	0.00%
Department of Insurance	3,000,000			3,000,000	1,237,085	1,762,915	41.24%
Total Revenue	3,300,000	-	-	3,300,000	2,237,085	1,062,915	67.79%
CRMP Administration Expenses							
Human Resources							
Travel	26,500			26,500	10,586	15,914	39.95%
Other	-			-	800	(800)	>100%
Total Human Resources	26,500	-	-	26,500	11,386	15,114	42.97%
General Office							
Board Services	3,900			3,900	942	2,958	24.15%
Administration & Office	17,000			17,000	3,707	13,293	21.81%
Insurance	55,065			55,065	-	55,065	0.00%
Financial Audit	50,000			50,000	37,000	13,000	74.00%
Legal Services	200,000			200,000	57,425	142,575	28.71%
Public Relations for CRMP	20,000	(20,000)		-	-	-	0.00%
Total General Office	345,965	(20,000)	-	325,965	99,074	226,891	30.39%
EBB Program Expenses							
Software/Information Technology	23,120			23,120	8,273	14,847	35.78%
Call Center	64,800			64,800	22,454	42,346	34.65%
Program Evaluations - Customer Service Satisfaction	50,000	(50,000)		-	-	-	0.00%
Home Inspection Services	87,300			87,300	-	87,300	0.00%
EBB Marketing	300,000	70,000		370,000	247,365	122,635	66.86%
EBB Program Education	40,000			40,000	-	40,000	0.00%
Grants to Homeowners (1600 payments at \$3,000)	5,400,000			5,400,000	1,961,995	3,438,005	36.33%
Total EBB Program Expenses	5,965,220	20,000	-	5,985,220	2,240,087	3,745,133	37.43%
Total Administrative and Program Expenses	\$ 6,337,685	\$ -	\$ -	\$ 6,337,685	\$ 2,350,547	\$ 3,987,138	37.09%

^AAdjustment to meet CRMP needs for rest of year.

**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
Main Program
2016 Budget Year**

	Approved 2016 Budget 1/1/2016	Adjustments ^A thru 7/31/2016	Augmentations thru 7/31/2016	2016 Budget after Augmentations and Adjustments	Used Budget as of 7/31/16	Augmented & Adjusted Approved 2016 Budget Remaining as of 7/31/16	Percentage used of Augmented & Adjusted Approved 2016 Budget
Revenue							
Contribution from Members	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ (1,000,000)	>100%
Total Revenue	-	-	-	-	1,000,000	(1,000,000)	>100%
CRMP Administration Expenses							
Human Resources							
Travel	26,500			26,500	10,586	15,914	39.95%
Other	-			-	800	(800)	>100%
Total Human Resources	26,500	-	-	26,500	11,386	15,114	42.97%
General Office							
Board Services	3,900			3,900	942	2,958	24.15%
Administration & Office	17,000			17,000	3,707	13,293	21.81%
Insurance	55,065			55,065	-	55,065	0.00%
Financial Audit	50,000			50,000	37,000	13,000	74.00%
Legal Services	200,000			200,000	46,130	153,870	23.07%
Public Relations for CRMP	20,000	(20,000)		-	-	-	0.00%
Total General Office	345,965	(20,000)	-	325,965	87,779	238,186	26.93%
EBB Program Expenses							
Software/Information Technology	23,120			23,120	8,273	14,847	35.78%
Call Center	64,800			64,800	22,243	42,557	34.33%
Program Evaluations - Customer Service Satisfaction	50,000	(50,000)		-	-	-	0.00%
Home Inspection Services	87,300			87,300	-	87,300	0.00%
EBB Marketing	300,000	70,000		370,000	231,673	138,327	62.61%
EBB Program Education	40,000			40,000	-	40,000	0.00%
Grants to Homeowners	2,100,000			2,100,000	376,086	1,723,914	17.91%
Total EBB Program Expenses	2,665,220	20,000	-	2,685,220	638,275	2,046,945	23.77%
Total Administrative and Program Expenses	\$ 3,037,685	\$ -	\$ -	\$ 3,037,685	\$ 737,440	\$ 2,300,245	24.28%

^AAdjustment to meet CRMP needs for rest of year.

**California Residential Mitigation Program
Project Budget Expenditures
Napa EBB
as of July 31, 2016**

	<u>Project Budget</u>	<u>Used Budget Thru 12/31/15</u>	<u>2016 Used Budget</u>	<u>Total Used Budget</u>	<u>Remaining Budget \$</u>	<u>Remaining Budget %</u>
Revenue:						
FEMA Reimbursement Grant	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	100%
CEA Matching Contribution	100,000	40,138	92,631	132,769	(32,769)	0%
Total Revenue	\$ 400,000	\$ 40,138	\$ 92,631	\$ 132,769	\$ 267,231	67%
Expenses:						
CEA Matching Expenses:						
Staff Time	\$ 36,500	\$ 1,349	\$ 83,865	\$ 85,214	\$ (48,714)	0%
Website	3,000	38,789	8,766	47,555	(44,555)	0%
	39,500	40,138	92,631	\$ 132,769	\$ (93,269)	0%
CRMP Expenses:						
Legal Services	12,500	19,440	11,295	30,735	(18,235)	0%
Call Center	9,000	-	211	211	8,789	98%
Marketing	28,000	9,996	15,692	25,688	2,312	8%
Insurance	1,000	-	-	-	1,000	100%
Photos of each house	10,000	-	-	-	10,000	100%
	60,500	29,436	27,198	56,634	3,866	6%
Homeowner Incentives:						
Grants to homeowners (100 payments at \$3,000)	300,000	-	30,000	30,000	270,000	90%
Total Expenses	\$ 400,000	\$ 69,574	\$ 149,829	\$ 219,403	\$ 180,597	45%

**California Residential Mitigation Program
Project Budget Expenditures
State of California - Department of Insurance
as of July 31, 2016**

	<u>Project Budget</u>	<u>Used Budget Thru 12/31/15</u>	<u>2016 Used Budget</u>	<u>Total Used Budget</u>	<u>Remaining Budget \$</u>	<u>Remaining Budget %</u>
Revenue:						
Appropriation	\$ 3,000,000	\$ -	\$ 1,237,085	\$ 1,237,085	\$ 1,762,915	59%
Total Revenue	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 1,237,085</u>	<u>\$ 1,237,085</u>	<u>\$ 1,762,915</u>	<u>59%</u>
Expenses:						
Grants to homeowners (1,000 payments at \$3,000)	\$ 3,000,000	\$ -	\$ 1,961,995	\$ 1,961,995	\$ 1,038,005	35%
Total Expenses	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 1,961,995</u>	<u>\$ 1,961,995</u>	<u>\$ 1,038,005</u>	<u>35%</u>

Governing Board Memorandum

September 6, 2016

Agenda Item #5: Report of Audit on CRMP Annual Financial Statements (2015)

Recommended Action: No action required – information only

Background:

JLK Rosenberger, LLP, California Residential Mitigation Program's independent auditor, has performed audit of CRMP's financial statements for the year ended December 31, 2015.

- The independent auditor conducted an audit of CRMP's financial statements prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America.

Report of Audit for GAAP financial statements are found in Attachment A and consist of:

- Independent Auditor's Report
- Management's Discussion and Analysis (MD&A)
- Audited Financial Statements and accompanying notes
- Supplementary Information

Analysis:

According to the Independent Auditor's Reports, CRMP's 2015 audited GAAP financial statements present fairly, in all material respects, the financial position of CRMP, in conformity with accounting principles generally accepted in the United States of America.

Recommended Action: No action required – information only.

CRMP Governing Board Memorandum

September 6, 2016

Agenda Item 6: Earthquake Brace + Bolt Update

Recommended Action: For Information Only

2016 Earthquake Brace + Bolt Program

The CRMP Board approved 600 Earthquake Brace + Bolt (EBB) retrofits for the 2016 program. In addition, 1,000 retrofits are being funded by \$3 million provided by the State of California via the Department of Insurance.

In January, homeowner registration for the 2016 Earthquake Brace + Bolt (EBB) program opened in 18 cities and in more than 100 ZIP Codes. Homeowners in eligible ZIP Codes with qualifying house characteristics were eligible for an incentive payment of up to \$3,000 to help pay costs associated with seismically retrofitting their houses.

More than 4,400 homeowners registered for EBB and 3,200 were randomly selected and accepted into EBB in March and approximately 2,200 were placed on the wait list. And, in early July, 800 homeowners from the wait list were accepted into EBB. Currently, approximately 400 homeowners remain on the wait list.

As of August 23, 2016, the following retrofits are in progress--

- Completed retrofits: 699
 - Permits received: 608
 - Extensions requested: 64
- 1,371**

FEMA Hazard Mitigation Grant Program (100 retrofits in Napa)

Homeowner registration for 100 retrofits for Napa houses, funded by FEMA's Hazard Mitigation Grant Program (Napa EBB), closed in March with 259 registrants. Currently, 107 homeowners in Napa remain on the wait list.

As of August 23, 2016, the following retrofits are in progress—

- Completed retrofits: 18
 - Permits received: 18
 - Extensions requested: 12
- 48**

CRMP Governing Board Memorandum

September 6, 2016

Agenda Item 7: CEA Brace + Bolt Update

Recommended Action: No Action Required

Background

CEA Brace + Bolt (CEA BB) is currently under development and is on track to launch to approximately 3,300 policyholders in October.

Modeled after CRMP’s Earthquake Brace + Bolt (EBB) program, CEA BB will encourage select CEA policyholders to seismically retrofit their older houses by providing up to \$3,000 toward the retrofit. Once the brace and bolt retrofit is complete, these policyholders will qualify for CEA’s new 20 percent verified hazard reduction discount on their earthquake-insurance premium.

Operating within specific program rules, eligible CEA policyholders include:

- have insured their property with CEA for at least three years;
- own a pre-1940 house in one of the 10 selected ZIP Codes; and
- whose house characteristics qualify for a code-compliant brace-and-bolt retrofit.

This pilot program includes 10 ZIP Codes—five each in Northern and Southern California:

Northern California	Southern California
94501	90027
94602	90048
94611	91030
94705	91104
94707	91108

CEA Brace + Bolt Development

CEA is working with its participating insurers to determine their level of involvement in the initial outreach to the policyholders invited to participate.

The following activities are also underway:

- development of the CEA Brace + Bolt website
- development of CEA-specific Program Rules
- finalizing an agreement between CRMP and CEA