

**NOVEMBER 20, 2015**

**TO: GENERAL PUBLIC**

In 2016 we will offer electronic CRMP Board Meeting notifications via our email system.

**If you would like to be notified electronically, please send your email address to:**

[Jacqueline\\_Ball@CalQuake.com](mailto:Jacqueline_Ball@CalQuake.com)

If you prefer to continue receiving notification via mail you can ignore this notice and you will remain on our mailing list.

Thank you in advance for your prompt response.

Jacqueline Ball  
Executive Assistant  
[Jacqueline\\_Ball@CalQuake.com](mailto:Jacqueline_Ball@CalQuake.com)  
California Residential Mitigation Program

# CRMP

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## California Residential Mitigation Program A Joint Powers Authority

**Date of Notice: Friday, November 20, 2015**

### **PUBLIC NOTICE**

**A PUBLIC MEETING  
OF THE GOVERNING BOARD OF THE  
CALIFORNIA RESIDENTIAL MITIGATION PROGRAM  
INCLUDING A PUBLIC HEARING ON PROPOSED *Rules for Participation in the  
Earthquake Brace + Bolt 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, Suite 1000  
Sacramento, CA 95814**

**DATE AND TIME: 1:00 p.m. on Tuesday, December 1, 2015**

**[Governing board meeting will begin immediately after public hearing on proposed *Rules for Participation in the Earthquake Brace + Bolt Program* is concluded.]**

**AGENDA:**

1. Call to order and member roll call:

Mitch Ziemer – Chair, Claim Director, California Earthquake Authority

Christina Curry – Vice Chair, Deputy Director, California Governor’s Office of Emergency Services

Dan Dyce – Consultant, California Earthquake Authority

Nancy Ward - Chief Deputy Director, California Governor’s Office of Emergency Services

*Establishment of a quorum*

2. Consideration and approval of the minutes of the July 28, 2015, CRMP Governing Board meeting.

3.

## PUBLIC HEARING



Before the regular business meeting of the CRMP governing board, CRMP Managing Director Sheri Aguirre will present proposed Rules for Participation in the **Earthquake Brace + Bolt (EBB)** program.

The proposed rules include the policies and procedures to implement new California Insurance Code section 10089.395, which authorized a grant of \$3,000,000 from the State of California to fund EBB retrofit grants to homeowners.

**The Board will consider comments and questions from the public and may approve the proposed rules with any changes the board deems appropriate or necessary.**

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The proposed **Program Rules** are posted on CRMP's website:

**[www.CaliforniaResidentialMitigationProgram.com](http://www.CaliforniaResidentialMitigationProgram.com)**

A copy of the proposed **Program Rules** will be mailed to anyone upon request.

By mail to:  
**California Residential Mitigation Program**  
**801 K Street**  
**Sacramento, CA 95812**

Or by phone: **toll-free (877) 232-4300**

Copies of proposed Program Rules  
will be available at the meeting.

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4. CRMP Executive Director Janiele Maffei will present her executive 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, 2014.
6. Ms. Aguirre will present for board approval the proposed EBB website and CRMP website *Terms of Use* and *Privacy Policy*.
7. Ms. Aguirre will provide an update on EBB activities in 2015 and planned activities for 2016.
8. Bill Donovan, CRMP legal counsel, will present updates and amendments to the CRMP Business Plan for board approval.
9. Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of \$3,000,000 if made by the California Earthquake Authority (CEA) as a contribution of funds received by CEA as a grant from the State of California, Department of Insurance, for further implementation and expansion of EBB, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.
10. Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of funds if made by the CEA as a contribution of funds received from the California Governor's Office of Emergency Services (Cal OES) as a subgrant of funds from the Federal Emergency Management Agency to fund a modified version of the EBB program to be offered in Napa, California, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.
11. CRMP Treasurer Tim Richison will present a financial report.
12. Mr. Richison will present a proposed 2016 budget for board approval.
13. Mr. Richison will provide an update on CRMP insurance coverage.
14. Ms. Aguirre will present a proposed 2016 board meeting calendar for board approval.
15. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
16. Adjournment.

**Inquiries and General Information:**

Jacqueline Ball  
(916) 661-5607 (Direct)  
[jacqueline\\_ball@CalQuake.com](mailto:jacqueline_ball@CalQuake.com)

**Media Contact:**

D'Anne Ousley  
Communications Specialist  
(916) 661-5524 (Direct)  
[ousleyd@calquake.com](mailto:ousleyd@calquake.com)

To view this notice on the CRMP website, please visit  
[www.californiarresidentialmitigationprogram.com](http://www.californiarresidentialmitigationprogram.com)

\* \* \* \* \*

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 (916) 661-5607 or by email at [info@californiarresidentialmitigationprogram.com](mailto:info@californiarresidentialmitigationprogram.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@californiarresidentialmitigationprogram.com](mailto:info@californiarresidentialmitigationprogram.com).

# CRMP

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California Residential Mitigation Program  
A Joint Powers Authority

Draft Meeting Minutes are not available.

Please see CRMP Governing Board Meeting  
[Approved Minutes.](#)

# Rules for Participation in the Earthquake Brace + Bolt Program

A Project of the

## California Residential Mitigation Program

A Joint Powers Authority of the  
California Earthquake Authority and the  
California Governor's Office of Emergency Services



# Introduction

These Rules (“Rules”) govern the Earthquake Brace + Bolt program (“EBB”), a project of the California Residential Mitigation Program (“CRMP”). CRMP is a joint powers authority of the California Earthquake Authority and the California Governor’s Office of Emergency Services.

These Rules govern the operations of EBB and are binding on all homeowners who apply to participate in EBB and on all Participating Homeowners and Participating Contractors in EBB.

These Rules may be amended at any time, and the amended Rules become effective upon being posted on the EBB website ([www.earthquakebracebolt.com](http://www.earthquakebracebolt.com)).

The definitions provided in these Rules apply to these Rules and to the EBB Program documents and on the EBB website.

## Section 1 – Homeowners and the EBB Program

### 1.1 Official Source of EBB Program Information

The EBB program is described on its website, [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com). Information about EBB may be available from other sources, but the website is the only official source of information about EBB.

### 1.2 ZIP Code Selection Process and Locations Where EBB Is Offered

The EBB website lists the ZIP Codes in which EBB currently operates. Houses located in ZIP Codes not listed on the EBB website are not eligible for EBB participation.

The ZIP Codes are selected from time to time using criteria approved by the CRMP Governing Board. Applying those criteria entails ordering all California ZIP Codes and then weighting them equally between two categories:

- 1.2.1 Earthquake Hazard: Higher-hazard areas were identified using the United States Geological Survey (USGS) earthquake-hazard map for California.



**1.2.2 Seismic Vulnerability of Structure:** The seismic vulnerability of houses located in California’s higher-hazard ZIP Codes was represented by the percentage of pre-1940 houses in each of those ZIP Codes—older houses are more likely to require seismically resistant bracing and bolting.

### **1.3 Incentive Payments**

EBB offers an incentive payment of up to \$3,000 per house for seismic-retrofit work done in accordance with California Existing Building Code Appendix Chapter A3 (“Chapter A3”) on Qualifying Houses (see section 1.5) that are accepted for participation in EBB (see section 1.7), provided the Participating Homeowner sends EBB documentation as required by these Rules (see section 1.8).

The actual cost of qualifying seismic retrofit work may exceed the \$3,000 EBB incentive payment, but any expense that exceeds the EBB incentive payment is the sole responsibility of the Participating Homeowner.

### **1.4 Qualifying Seismic Retrofit Work**

Only seismic retrofit work done in accordance with Chapter A3 qualifies for the EBB program incentive payment.

Chapter A3 allows for a seismic retrofit to be done by a contractor or by an owner-builder, either using a standard plan set for Type 1 Qualifying Houses (see section 1.5), or using plans prepared by a registered design professional (engineer or architect) for Type 2 Qualifying Houses (see section 1.5). *(Note: The value of the labor provided by an owner-builder is not a recoverable cost under the EBB program and is not considered a reimbursable out-of-pocket expense.)*

### **1.5 Qualifying Houses**

There are two types of Qualifying Houses. Each Qualifying House must be a detached residential building composed of one to four dwelling units.

### **1.5.1 Type 1 Qualifying House**

The Type 1 Qualifying House has a “cripple wall” that does not exceed 4 feet in height in any part of the crawl space. A cripple wall is a wood-stud wall extending from the top of the foundation to the underside of the lowest-floor framing. In addition, the house must not:

- (a) have a lateral-force-resisting system that uses poles or columns embedded in the ground;
- (b) exceed three stories in height or be a three-story house with cripple wall studs exceeding 14 inches in height;
- (c) be constructed in whole or in part on concrete slab(s) on grade\*; or
- (d) be classified by the local building department as a house required to be retrofitted with plans prepared by a registered design professional.

The local building department can approve a Type 1 Qualifying House retrofit to be performed using a standard plan set for Chapter A3 retrofits, such as the Los Angeles Standard Plan Set or the ABAG (Association of Bay Area Governments) Plan Set A.

- \* The local building department may determine that a house can qualify as a Type 1 Qualifying House if a portion of the house is constructed on a concrete slab on grade and the retrofit work is limited to the remainder of the house.

### **1.5.2 Type 2 Qualifying House (Plans Prepared by Registered Design Professional)**

The Type 2 Qualifying House is required by Chapter A3 to be retrofitted with plans prepared by a registered design professional, who must sign the plans and certify in writing that the plans conform to Chapter A3.

The Type 2 Qualifying House has a cripple wall that exceeds 4 feet in height, or:

- (a) has a lateral-force-resisting system using poles or columns embedded in the ground;
- (b) exceeds three stories in height or is a three-story house with cripple wall studs exceeding 14 inches in height;
- (c) is constructed in whole or in part on concrete slab(s) on grade; or

(d) is classified by the local building department as a house required to be retrofit with plans prepared by a design professional.

## **1.6 Registering for EBB**

The homeowner must either register through the EBB website or request a paper application during the 30-day application period stated on the EBB website for the ZIP Code in which the house is located. No incomplete, early, or late registrations will be considered.

By answering the EBB qualification questions on the EBB website, the homeowner can determine whether the house is a Qualifying House (see section 1.5). The person registering and answering the EBB qualification questions must be an owner of record and live in the house.

If the house is a Qualifying House, the homeowner will be permitted to complete registration, add contact information, and authorize EBB to send text alerts when important email communications are sent.

If the house is not a Qualifying House, the homeowner may sign up for future EBB mailings and program updates but is not eligible to receive an EBB incentive grant.

Houses are often owned by more than one person. EBB does not undertake and is not responsible to confirm that a house is owned by the person applying to EBB or whether that person is authorized to perform seismic-retrofit work on the house. It is the sole responsibility of each Participating Homeowner to make sure that any co-owners have been notified of, and agree to, the EBB seismic retrofit work.

At the time the EBB eligible ZIP Codes are selected, EBB also determines in its sole discretion the number of Participating Homeowner incentive payments it will award.

## **1.7 Acceptance as an EBB Participating Homeowner**

Once homeowner registration closes for a ZIP Code, an electronic system will randomly select homeowners.

All homeowners who have applied will be notified by email whether they have been selected to become Participating Homeowners or whether they have been placed on a waiting list for possible eligibility for EBB incentive payments as spaces become available. Being placed on a waiting list, however, does not guarantee eligibility for future EBB incentive payments.

Following notification, Participating Homeowners must visit [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com) within 30 days of the notification date and log in with the user credentials set up during registration. Each Participating Homeowner will have an online “Homeowner Dashboard” to upload all required documentation and photographs.

Participating Homeowners will also receive a Homeowner Packet by mail with detailed program instructions, including specific information to give to the contractor doing the work. A digital version of the Homeowner Packet will also be included with the EBB notice of acceptance email.

## **1.8 Required Documentation for Incentive Payment**

Participating Homeowners are required to submit documents described in Sections 1.8.1 and 1.8.2 to the EBB via the Homeowner Dashboard to qualify for the incentive payment.

- ✓ A Participating Homeowner may authorize his or her licensed contractor to submit retrofit documentation on behalf of the Participating Homeowner by following the instructions on the Homeowner Dashboard.

### **1.8.1 Before the retrofit works begins**

Within 60 days of receiving the program-acceptance email from EBB, the Participating Homeowner must:

- (a) Inform EBB via the Homeowner Dashboard whether the project will be constructed by the Participating Homeowner as an owner-builder or by a licensed contractor (and give EBB the name of the contractor).
- (b) Obtain a building permit from the local building inspection department (actual names of these departments vary from locality to locality) and submit the permit details to EBB via the Homeowner Dashboard.

- ✓ If the house is a Type 1 Qualifying House, the building permit **must** state that the work is to be performed in accordance with Chapter A3 or in accordance with a standard plan set.
- ✓ If the house is a Type 2 Qualifying House, the building permit **must** state that the work is to be performed in accordance with Chapter A3 using plans prepared by a design professional.
- ✓ The wording on building permits varies, but the criteria immediately above apply to every permit for every Qualifying House.

(c) Take three photographs of the areas in the basement or crawl space where the retrofit work will be performed. These photos, and others, must be submitted after the retrofit work is complete (see Rule 1.8.2(b), below).

### **1.8.2 After the retrofit work is complete**

The seismic-retrofit work must be completed within six months after the building-permit-issuance date; within 30 days after completion of that work, all the following items must be submitted to EBB via the Homeowner Dashboard:

(a) Building Permit

- ✓ A receipt showing payment of the building-permit fee.
- ✓ A copy of the building permit as signed by the building inspector after final inspection.

(b) Photos (nine total):

- ✓ House exterior (three photos): One showing the front and one side of the house; one showing only the house front; and one showing only the other side of the house.
- ✓ Before retrofit (three photos): Taken in the basement or crawl space and showing the cripple walls and the foundation.
- ✓ After retrofit (three photos): Taken in the crawl space after the retrofit from the same locations as the “before” photos and showing the cripple walls, the foundation, and the completed retrofit work.  
*Photos must clearly depict the completed retrofit work.*

(c) Invoices and Receipts for Retrofit-Related Expenses

- ✓ If a licensed contractor performed the work, the receipt for the building-permit fees and the contractor's invoice for work performed (not the contractor's initial bid or proposal) must be submitted. The invoice must state the contractor's name, license number, and business address.
- ✓ If the Participating Homeowner performed the work as an owner-builder, receipts for "House-Retrofit Expenses," which are out-of-pocket costs such as the building permit fee and the cost of materials and rented equipment used for the retrofit project. (Note: *The value of the labor provided by an owner-builder is not a recoverable cost under the EBB program and is not considered a reimbursable out-of-pocket expense.*)
- ✓ If the house is a Type 2 Qualifying House, the design professional's invoice (not the design professional's initial bid or proposal) and the contractor's invoice must be submitted.

(d) IRS Form W-9 and Payment Authorization Form

- ✓ The Participating Homeowner must complete, sign, and submit IRS Form W-9.
- ✓ The Payment Authorization Form, completed and signed by the Participating Homeowner, must request payment of (1) 3,000 or (2) the Participating Homeowner's total, allowable House Retrofit Expenses, whichever is less. The form must indicate whether the incentive payment should be sent to the Participating Homeowner or to the Contractor.

### 1.8.3 Additional conditions regarding documentation

- (a) The Participating Homeowner must confirm that he or she has reviewed—and is fully responsible for the accuracy of—all the documentation submitted to EBB (including documentation submitted by a licensed contractor on behalf of the Participating Homeowner).
- (b) EBB will reject incomplete documentation and will endeavor to promptly advise the Participating Homeowner to complete and re-submit the required documentation.

(c) Failure to submit complete, required documentation to EBB may render the Participating Homeowner ineligible for an EBB incentive payment.

(d) The Executive Director or Managing Director of CRMP, in their sole discretion, may waive any requirements or extend any time limits stated in Sections 1.7 or Subsections 1.8.1 or 1.8.2.

## **1.9 Retrofit Inspections**

As a condition of payment approval or for quality assurance purposes, EBB reserves the right to inspect, upon reasonable notice to the Participating Homeowner, the seismic-retrofit work performed on any Qualifying House.

## **1.10 Payment and Tax Reporting**

Incentive payments will be mailed within 4 weeks following final approval by EBB.

The incentive payment will be reported as taxable income to the Participating Homeowner on IRS Form 1099-G.

Participating Homeowners are responsible for the payment of all taxes related to or arising from the incentive payments made under EBB. Each Participating Homeowner is encouraged to seek appropriate professional advice on the federal and state tax implications of their receiving the EBB incentive payment and whether the incentive payment will affect eligibility, income thresholds or limitations, or other issues relating to any health-care or other program of interest to the Participating Homeowner.

## **1.11 Program Communications**

EBB communications will be delivered by email, with the exception of the Participating Homeowner packet, which will be sent by U.S. Postal Service mail.

Neither CRMP nor EBB is responsible or liable for any email communications that are missed, scrubbed, or filtered by anyone's computer system or email functions, or responsible or liable for any communications that are missed, lost, damaged, misdirected, or otherwise not delivered or received through use of U.S.

Postal Service mail. EBB has no obligation to provide other forms of communication.

## **1.12 Personal Information, Privacy Policy, and Terms of Use**

- (a) The information that EBB and CRMP collects, maintains, and uses includes, but is not limited to:
- ✓ personal information about homeowners, Participating Homeowners, contractors (and their employees and subcontractors), and design professionals;
  - ✓ applications for building permits and building permits;
  - ✓ documentation of costs and materials associated with the seismic-retrofit work;
  - ✓ information about houses belonging to homeowners and Participating Homeowners; and
  - ✓ photographs of houses and of the seismic-retrofit work.
- (b) Any homeowner who does not agree that the information described in Subsection 1.12(a) may be collected, maintained, and used for the purposes described in the Privacy Policy and Terms of Use referred to in Subsections 1.12(c) and 1.12(d) may not become or remain an EBB Participating Homeowner.
- (c) The Privacy Policy posted on the EBB website [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com) pertains to the information described in Subsection 1.12(a); that Policy is part of and is incorporated into these Rules by this reference. The Privacy Policy may be amended at any time, and any amendment becomes effective when posted on that EBB website.
- (d) The Terms of Use posted on the EBB website [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com) are binding on homeowners, Participating Homeowners, contractors, Participating Contractors, and design professionals hired by Participating Homeowners; those Terms are part of and are incorporated into these Rules by this reference. The Terms of Use may be amended at any time, and any amendment becomes effective when posted on that EBB website.



### 1.13 Contractors and Design Professionals

Contractors and design professionals hired by Participating Homeowners are not selected by, approved by, governed by, or in any way the responsibility of CRMP or EBB. The Contractor Directory on the EBB website, referred to in Section 2.1, is not an endorsement or approval of any Participating Contractor. EBB has no obligation to maintain, keep current, or monitor the Contractor Directory or monitor the licensing, financial condition, contracts, or competence of any Participating Contractor listed on the Contractor Directory or any other contractor or any design professional hired by a Participating Homeowner.

## Section 2 – Participating Contractors

### 2.1 Contractor Directory

2.1.1 The “Contractor Directory” on the EBB website is a list of California-licensed contractors in good standing that have one or more employees, workers, or other associated personnel who have (a) successfully reviewed the six FEMA (Federal Emergency Management Agency) training videos for seismic retrofit work and (b) passed all related quizzes associated with each such video. Those contractors who have done so are called “Participating Contractors”.

- ✓ ***EBB offers the Contractor Directory on its website as a convenience and a resource for Participating Homeowners—the listing in that Directory of a contractor who has become a Participating Contractor does not constitute CRMP’s or EBB’s endorsement, approval, or recommendation of that Participating Contractor.***

2.1.2 To be included in the Contractor Directory, a licensed contractor must:

- (a) have one or more employees, workers, or other associated personnel who have successfully completed the FEMA training videos and quizzes offered on the EBB website;
- (b) register on the EBB website as a “Participating Contractor” and maintain an online EBB account via the EBB “Contractor Dashboard”;
- (c) affirm on the Contractor Dashboard that the contractor is a California-licensed contractor in good standing in a field reasonably related to

residential-retrofit work on dwellings in California and have that standing accurately reflected on California's [Contractors State License Board website](#);

- (d) agree, by so signifying on the Contractor Dashboard, that neither CRMP nor EBB will have any liability or responsibility for any work bid or performed by the contractor; and
- (e) affirm, by so signifying on the Contractor Dashboard, that the contractor is not currently 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.

2.1.3 To remain listed in the Contractor Directory, a Participating Contractor must:

- (a) comply with all applicable EBB rules and requirements;
- (b) perform all EBB retrofit work in accordance with Chapter A3 and ensure that an employee, worker, or other associated person who has taken and successfully completed the FEMA training videos and quizzes offered on the EBB website, oversees and approves all EBB retrofit work performed by the Participating Contractor;
- (c) provide Participating Homeowners with invoices that clearly and separately show charges for materials, taxes, labor, and overhead, profit, or margin;
- (d) ensure that each and every building permit for EBB retrofit work includes the required references to Chapter A3 or a standard plan set (for a Type 1 Qualifying House) or the required references to plans prepared by a registered design professional (for a Type 2 Qualifying House);
- (e) provide on the Contractor Dashboard, upon EBB request, evidence of (1) a current California contractor's license and (2) a current Contractor Bond or Bond of Qualifying Individual, or both, that meets the statutory requirement, and retain evidence of current workers' compensation insurance for all employees;
- (f) 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
- (g) demonstrate a commitment to work within the local jurisdiction's building-construction permitting and inspection processes.

- ✓ In its sole discretion, EBB may remove a Participating Contractor from the Contractor Directory in the event EBB determines that the Participating Contractor has failed to meet all of these requirements.
- ✓ In its sole discretion, EBB may remove a Participating Contractor who is using EBB's trademark or EBB's phrase "Brace + Bolt"—or any mark or phrase that is, in EBB's sole opinion and discretion, reasonably similar to EBB's registered marks—in any manner that implies that the Participating Contractor is affiliated with EBB in any manner beyond its status as a Participating Contractor.
- ✓ EBB has no obligation to maintain, keep current, or monitor the licensing, financial condition, contracts, or competence of any Participating Contractor listed on the Contractor Directory or any other contractor hired by a Participating Homeowner.

## **2.2 Advertising**

Participating Contractors are permitted to use language in their marketing and sales materials that describes their successful completion of the FEMA training videos and testing offered on the EBB website. In no instance and under no circumstances may a Participating Contractor use language indicating "approval", "endorsement", "qualified", or "referred" by EBB in marketing or sales materials.

## **2.3 Personal Information, Privacy Policy, and Terms of Use**

- (a) The information that EBB and CRMP collect, maintain, and use includes, but is not limited to, information regarding:
- ✓ personal information about homeowners, Participating Homeowners, contractors (and their employees and subcontractors), and design professionals;
  - ✓ applications for building permits and building permits;
  - ✓ documentation of costs and materials associated with the seismic-retrofit work;
  - ✓ information about houses belonging to homeowners and Participating Homeowners; and
  - ✓ photographs of houses and of the seismic-retrofit work.
- (b) The Privacy Policy posted on the EBB website [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com) pertains to the information described in

Subsection 2.3(a); that Policy is part of and is incorporated into these Rules by this reference. The Privacy Policy may be amended at any time, and any amendment becomes effective when posted on that EBB website.

- (c) The Terms of Use posted on the EBB website [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com) are binding on homeowners, Participating Homeowners, contractors, Participating Contractors, and design professionals hired by Participating Homeowners; those Terms are part of and are incorporated into these Rules by this reference. The Terms of Use may be amended at any time, and any amendment becomes effective when posted on that EBB website.
- (d) Any Participating Contractor who does not agree that this information may be so collected, maintained, and used for the purposes described in the Privacy Policy and Terms of Use referred to below may not become or remain a Participating Contractor.

## Section 3 – Dispute Resolution

By applying to participate or participating in EBB, homeowners, Participating Homeowners, and Participating Contractors agree to resolve any dispute or controversy with, or claim against, CRMP or EBB according to the Terms of Use posted on the EBB website.

### 3.1 Informal Procedure

In the event a controversy or claim arises out of the use of the EBB website or participation in EBB, a homeowner, Participating Homeowner, or Participating Contractor may contact EBB and discuss the matter informally with the managing director or her designee. If the controversy or claim is not resolved through that discussion, any party who still feels aggrieved may send a letter to the managing director.

The managing director or her designee will meet, in person or by telephone, or both, with the parties within 10 business days of receipt of the letter or such longer period as may be mutually acceptable.

The managing director will provide a written decision within 20 days of the conclusion of the meeting.

Homeowners, Participating Homeowners, and Participating Contractors are not required to follow this informal dispute-resolution procedure, and following this

informal dispute resolution procedure does not prevent them from initiating the arbitration procedure described in section 3.2.

### **3.2 Mandatory Arbitration**

By using the EBB website or by participating in any way in any EBB program, homeowners, Participating Homeowners, and Participating Contractors agree that any claim or controversy arising out of their use of the EBB website or participating in EBB—that is not settled or resolved by use of the Informal Procedure in Subsection 3.1—must be settled solely by arbitration administered by the American Arbitration Association in accordance with its [Home Construction Arbitration Rules](#), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

In doing so, homeowners, Participating Homeowners, and Participating Contractors, and each of them, acknowledge that (1) each is giving up the right to sue in court, including the right to trial by jury, except as provided by the rules of the American Arbitration Association; (2) arbitration awards are generally final and binding, and the ability to have a court reverse or modify an arbitration award is limited; (3) the ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings; (4) the arbitrators do not have to explain the reasons for their award; and (5) the rules of the American Arbitration Association may impose time limits for bringing a claim in arbitration.

## **Section 4 – Contact Information**

Please contact the EBB Managing Director if you have questions.

Sheri Aguirre, Managing Director  
California Residential Mitigation Program  
801 K Street  
Sacramento, CA 95814  
Toll free: (877) 232-4300

For general questions about EBB, email to:  
[info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com)

Or visit the EBB website at:  
[www.earthquakebracebolt.com](http://www.earthquakebracebolt.com)

## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 4: Executive Report by Executive Director Janiele Maffei

Recommended Action: No Action Necessary

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

## **Governing Board Memorandum**

December 1, 2015

Agenda Item #5: Report of Audit on CRMP Annual Financial Statements (2014)

Recommended Action: No action required – information only

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### 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, 2014.

- 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 2014 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.

# AGENDA ITEM #5

Reports of Audits of CRMP's  
2014 Financial Statements



# Reports of Audits of CRMP's 2014 Financial Statements

Mr. Richison will introduce CRMP's independent financial auditors, JLK Rosenberger, LLP, to present the CRMP's annual audited financial statements.



# Reports of Audits of CRMP's 2014 Financial Statements

**JLK Rosenberger, LLP, CRMP's independent auditor, performed and completed audits of the CRMP's financial statements for the year ended December 31, 2014**

- The independent auditor conducted an audit of CRMP's financial statements prepared in accordance with GAAP in the United States of America.

**Reports 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



# Reports of Audits of CRMP's 2014 Financial Statements

## ANALYSIS:

- According to the Independent Auditors' Reports, CRMP's 2014 audited GAAP financial statements present fairly, in all material respects, the financial position of CRMP, in conformity with accounting principals generally accepted in the United States of America.

## RECOMMENDED ACTION:

- No action required – information only



# California Residential Mitigation Program

2014 Audit Results and  
Communication with Corporate  
Governance

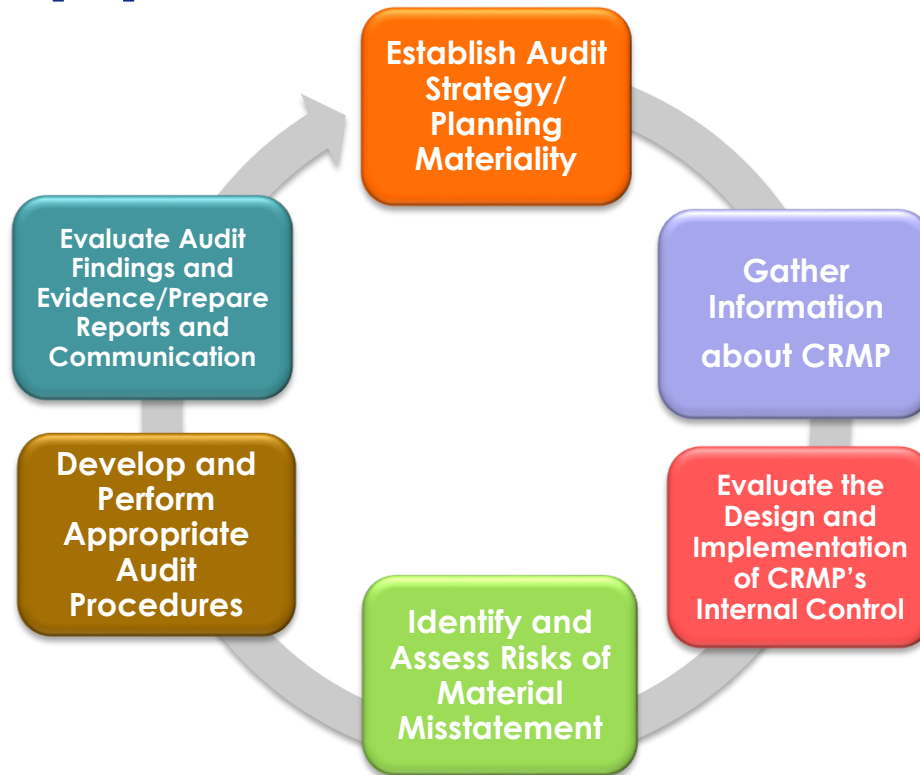
December 1, 2015



# Discussion items

- Audit approach
- Areas of emphasis
- Communication with CRMP governance

# Audit Approach



# Areas of Emphasis

## Area

## Comments

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### Assets

- Confirmed cash balances

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### Liabilities

- Search for unrecorded liabilities

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### Expenses

- Tested propriety

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### Brace & Bolt Program

- Review of controls and processes for qualification and selection of participants
-

# Communication with Corporate Governance

<b>Area</b>	<b>Comments</b>
<b>Auditor's Report</b>	Unmodified "clean" opinion
<b>Auditor's Responsibilities</b>	Provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement
<b>Judgment about CRMP's Accounting Principles</b>	Management is responsible for the selection of appropriate accounting principles which are described in Note 1 to the financial statements
<b>Significant Accounting Estimates</b>	Management is responsible for assessing the adequacy of accruals and other estimates
<b>Adoption of, or Change in, Accounting Principle</b>	None



# Communication with Corporate Governance (continued)

<b>Area</b>	<b>Comments</b>
<b>Accounting for Significant Unusual Transactions</b>	None
<b>Significant Audit Adjustments</b>	None
<b>Unrecorded Audit Differences</b>	Immaterial difference in expenses and accrual of expenses
<b>Identification of Fraud and Illegal Acts</b>	None
<b>Identification of Material Weaknesses in Internal Control</b>	None

# Communication with Corporate Governance (continued)

<b>Area</b>	<b>Comments</b>
<b>Disagreements with Management</b>	None
<b>Difficulties Dealing with Management</b>	None
<b>Discussions with Management Prior to Retention as Auditors</b>	None
<b>Consultations with Other Accountants</b>	None
<b>Other</b>	None

# Contact

**Bill Rosenberger, Partner**  
**[brosenberger@jlkrlp.com](mailto:brosenberger@jlkrlp.com)**  
**(818) 334-8624**

## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 6:                      Proposed EBB Website and CRMP Website  
   Terms of Use and Privacy Policy

Recommended Action:              Approve Terms of Use and Privacy Policy

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Ms. Aguirre will present for board approval the proposed EBB website and CRMP website Terms of Use and Privacy Policy.

## **Terms of Use**

Effective as of December 1, 2015

### **Welcome to the Earthquake Brace + Bolt Program website**

Thank you for visiting the official website for the Earthquake Brace + Bolt Program (“EBB”), a project of the California Residential Mitigation Program (“CRMP”)(collectively “we”, “us”, “our”).

### **Definitions**

Words used in these Terms of Use (“Terms”) that are defined in the Rules for Participation in the EBB have those same meanings in these Terms.

### **Terms of Use**

As a condition of your use of our services, including this website or others we maintain, or to participate in any way in EBB or other programs we provide, (our “Services”) you agree without limitation or qualification to these Terms.

The Terms also include our Privacy Policy. Please take a moment to carefully review our Terms and Privacy Policy now.

The Terms may be revised in the future and posted on this website or otherwise provided to you and require no further notice or action to be effective. By continuing to use our Services, you acknowledge and agree to our current and any future Terms. We encourage you to regularly review our Terms.

If you fail to comply with our Terms, or other reasonable requests that may be made to you by us, we may restrict, suspend or stop your use of our Services. Your only recourse if you do not agree with our Terms is to cease your use of our Services. If you do not comply with these Terms, and we don't take action right away, this does not mean that we are giving up any rights that we may have (such as taking action in the future).

### **Registering with EBB**

In order to take advantage of our Services, we require that you register on our EBB website and open an online account for communicating with us. There are no charges for registering with us and opening an online account.

In order to become a Participating Homeowner, you must register with us and submit an application. If you are a contractor, you must register with us to be able

to access the training materials for contractors on this website and to become a Participating Contractor. If you are not a contractor, you must register with us to access the training materials for contractors on this website.

All information that you share with us, or that we share with you, to register or to create, manage, or use your account, is governed by our Privacy Policy.

By providing us with your contact information, you give us permission to send you information, messages or otherwise contact you using any of the contact methods you provide (including email and text messages). We may provide you with options on designating your preferred methods of communication and you may always contact us to modify your contact information.

You are responsible for maintaining the confidentiality of your registration and account information, including your username and password. We encourage you to safeguard this information and not share it information with anyone. You must promptly notify EBB of any unauthorized use of your registration and account.

If your EBB registration or account has been restricted, suspended or terminated, neither you nor anyone acting on your behalf may register again or open another account with us.

If you have any questions about registering or opening an account with us, please contact us at [info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com).

### **Relationship with Homeowners, Contractors, and Design Professionals**

We are not involved in communications between homeowners and contractors or design professionals, such as architects and engineers, that a homeowner may hire. We do not advise, negotiate or interpret contracts between homeowners and contractors or design professionals. We do not endorse or recommend any contractor or design professional.

We are never liable for any acts or omissions of homeowners or contractors or design professionals, the content of any communications between homeowners and contractors and design professionals, the ability of contractors and design professionals to provide services, the ability of homeowners to pay for those services, and the results of work performed, or not performed, by homeowners and contractors and design professionals. We cannot and do not ensure that a homeowner or contractor or design professional will complete services, conduct any transaction, or perform with any specific standard of care.

## **Emergency and Safety Issues**

Any questions or concerns relating to emergency or safety issues should be directed to appropriate authorities and qualified professionals (such as by calling 911 for emergencies or your local building inspection offices for building safety issues). We have no responsibility to deal with such emergency or safety issues.

## **Third Party Content and Information on this website**

We provide information from a variety of sources, including third parties, through our Services, on this website or through links on this website (collectively, “content”). We may change content at any time without notice and expressly disclaim any assurance or guarantee that content will be up-to-date, accurate or free of viruses. While we strive to provide reliable content, because much of the content is provided by third parties, all content is provided “AS IS” and we make no warranty as to whether it is accurate or complete.

## **Ownership of Intellectual Property**

Using our Services does not give you ownership of any intellectual property rights or other rights in the content you access.

These Terms do not grant you the right to use any branding, logos or other proprietary materials that belong to EBB or CRMP or any third party. References by third parties to any specific service mark or trademark, or the use of proprietary images, are not controlled by us. We make no claim regarding the service marks, trademarks or proprietary images of third parties and do not constitute or imply association, endorsement or recommendation of the owners or users of such marks. To the greatest extent possible, we rely on the principles of fair use in the inclusion of proprietary materials in our website and our Programs, including EBB.

We are concerned about the use of intellectual property and we have adopted procedures in accordance with the US Digital Millennium Copyright Act. You can learn more about submitting a copyright violation notice to us by [clicking here](#).

## **Prohibited and Restricted Activities**

You agree that your use of our Services, will not:

- (1) be fraudulent, inaccurate or misleading;
- (2) infringe any third party's proprietary intellectual property rights or rights of publicity or privacy;

- (3) be illegal or violate any federal, state or local law, statute, ordinance, regulation or ethical code;
- (4) be defamatory, trade libelous, unlawfully threatening or unlawfully harassing;
- (5) be obscene or contain inappropriate material;
- (6) be used to solicit users of our Services for any purpose except those we have specifically permitted in these Terms or otherwise in writing;
- (7) contain any viruses, Trojan horses, or other computer programming routines that may damage, detrimentally interfere with, surreptitiously intercept or expropriate any system, data or personal information;
- (8) create liability for us or cause us to lose (in whole or in part) the services of our ISPs or other suppliers; or
- (9) link directly or indirectly to or include descriptions of goods or services that are prohibited under these Terms or to which you do not have a right to link to or include.

### **No Warranties or Liabilities**

CRMP and EBB provide content through our Services, including this website and our programs. We provide this content using a commercially reasonable level of skill and care and we hope you find our content helpful. However, please note that all content on our website is provided “AS IS” and for your information only.

OTHER THAN AS EXPRESSLY SET OUT IN THESE TERMS, WE DO NOT MAKE ANY SPECIFIC PROMISES ABOUT THE CONTENT, PROGRAMS OR SERVICES WE PROVIDE. WE DO NOT MAKE ANY REPRESENTATIONS OR WARRANTIES THAT THE CONTENT, PROGRAMS OR SERVICES WILL BE RELIABLE, CONTINUOUSLY AVAILABILITY OR HAVE THE ABILITY TO MEET YOUR NEEDS. ALL SUCH CONTENT, PROGRAMS AND SERVICES ARE PROVIDED “AS IS.”

UNDER NO CIRCUMSTANCES WILL WE BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY YOUR RELIANCE ON INFORMATION IN OUR CONTENT, PROGRAMS OR SERVICES, WHETHER SUCH ARE FROM EBB, CRMP OR FROM THIRD PARTIES (SUCH AS CONTRACTORS, DESIGN PROFESSIONALS, HOMEOWNERS, GOVERNMENTAL AGENCIES OR OTHER THIRD PARTIES) OR A LINKED SITE. UNDER NO CIRCUMSTANCES WILL WE BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY YOUR



RELIANCE ON ANY PRODUCT OR SERVICE OBTAINED FROM A THIRD PARTY OR A LINKED SITE. USE OF THE CONTENT, PROGRAMS OR SERVICES WE PROVIDE IS AT YOUR SOLE DISCRETION AND FULL ASSUMPTION OF RISK.

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY YOU FROM US OR THROUGH OUR CONTENT, PROGRAMS OR SERVICES SHALL CREATE ANY WARRANTY OR LIABILITY. AS PERMITTED BY LAW, WE WILL NOT BE RESPONSIBLE FOR ANY CLAIM UNDER THESE TERMS, INCLUDING ANY EXPRESS OR IMPLIED WARRANTIES OR DAMAGES, INCLUDING LOST PROFITS, REVENUES, OR DATA, FINANCIAL LOSSES OR INDIRECT, SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES.

### **CRMP AND EBB Not Responsible for Inspectors and Inspections**

Participation in EBB will require local building permit-related inspections and sometimes require additional inspections by third party contractors. CRMP and EBB do not participate in or control any such inspections and shall not be responsible for the acts or omissions of the inspectors.

### **Further Information About these Terms**

These Terms control the relationship between you and CRMP and EBB. They do not create any rights for anyone else.

If it turns out that a particular Term is not enforceable, no other Term will be affected.

The laws of the State of California will apply to any disputes arising out of or relating to these Terms.

If you have any questions about these Terms, please contact us at [info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com).

### **Dispute Resolution**

**Informal Procedure.** In the event a controversy or claim arises out of your use of our Services, you may contact us to discuss the matter informally with the managing director or her designee. If the controversy or claim is not resolved through that discussion, you may send a letter to the managing director.

The managing director or her designee will meet in person or by telephone or both with you within 10 business days of receipt of the letter or such longer period as may be mutually acceptable.

The managing director will provide you with a written decision within 20 days of the conclusion of the meeting.

You are not required to follow this informal dispute resolution procedure, and following this informal dispute resolution procedure does not prevent you from initiating the arbitration procedure described below.

**Mandatory Arbitration.** By participating in any way in EBB or any other program that we provide or otherwise using our Services, you agree that any claim or controversy arising out of your participation in EBB or any other program that we provide or the use of our Services must be settled solely by arbitration administered by the American Arbitration Association in accordance with its Home Construction Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

You acknowledge that (1) you are giving up the right to sue in court, including the right to trial by jury, except as provided by the rules of the American Arbitration Association; (2) arbitration awards are generally final and binding and the ability to have a court reverse or modify an arbitration award is limited; (3) the ability to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings; (4) the arbitrators do not have to explain the reasons for their award; and (5) the rules of the American Arbitration Association may impose time limits for bringing a claim in arbitration.

### **Contact Us**

Please contact us at [info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com) with any questions or comments regarding the Terms.

# Privacy Policy

Effective as of December 1, 2015

## Introduction

Thank you for visiting the official website for the Earthquake Brace + Bolt Program (“EBB”), a project of the California Residential Mitigation Program (“CRMP”), (collectively “we”, “us”, “our”).

We believe that privacy is important to you and this Privacy Policy describes how we use, share, and protect information that we collect from you as you visit our websites and use our Services. Visitors to this website, and users of our Services (as defined in our Terms), may share information with us via this website, email, regular mail services, telephone or other communication methods (collectively “Information”). Your privacy, and the protection of your Information, is important to us. We created this Privacy Policy so that you will understand our information practices regarding:

- What Information we collect from you.
- Why we collect your Information.
- How we protect and use your Information.

## What Information Do We Collect?

When you use our Services or communicate with us, we may collect and process certain Information about you, including:

**Information from your use of our website:** General use Information (which may include both personally identifiable information and non-personally identifiable information) such as:

- domain and host that you use to access the internet;
- web browser that you use;
- type of operating system that you use;
- IP addresses;
- links that you use to arrive at, or connect to or from our website;
- cookies that may uniquely identify your account and user information;
- number and frequency of visits to our website and its various pages; and

- other Information you voluntarily provide to us.

**Information you provide to us:** In some instances, in order to take full advantage of our Services, we may require you to provide certain Information, including Personal Information, to us, such as:

- contact information such as your name, address, telephone number, email address, taxpayer identification or social security number, or other personally identifiable information regarding you or other co-owners of your property;
- housing information, such as your type of housing, renovation information, photographs of your housing, the address and coordinates of your housing, and schematics or architectural drawings of your housing;
- contractor information, such as license and insurance information, photographs, schematic or architectural drawings, or other information we may require or request;
- design professional information, such as license and registration information, schematic or architectural drawings, or other information we may require or request;
- educational information, such test information resulting from your use and review of materials provided by us; and
- other Information you voluntarily provide to us.

If you fail to provide requested Information, you may not be able to enjoy the full benefits of our Services or be able to participate in our programs.

For the purposes of this Privacy Policy, we are the data controller and retain all rights to the Information we collect. We may however utilize third party providers to collect and process Information and will take reasonable measures to ensure any such provider adheres to this Privacy Policy or similar requirements. To the extent that such providers have access to your Information, it will be used for the purpose of supporting your relationship with us and your enjoyment of our Services.

### **How Do We Use Your Information?**

We will use the Information we collect from you for the following purposes:

- providing information regarding our Services and specific programs;
- sharing your information with building departments in your area;
- sharing your information with federal and state government entities that provide funding for our Services;

- responding to your requests so that we may better understand your needs and how we can improve our website and other communications with you and the programs and services we provide;
- pooling your Information with that of others to derive business statistics for our internal use;
- contacting you directly with information we think you may find interesting or useful about us or our members or affiliates;
- administering your account or accounts with us; and
- sharing your Information with third parties for the purposes of analyzing our website usage and providing additional functionality, programs or services.

Any and all uses of your Information by us will comply with applicable laws. You are under no obligation to provide Information to us. However, when registering with us, or from time to time during your relationship with us, you may opt in or out of certain types of communications that may affect the Information we gather. We reserve the right to inform you that opting out may prevent you from enjoying the full benefits of, or participating in the use of, our website and our programs and services.

### **Information Security**

Information that you provide to us may be stored, processed and transferred by us or by our members or other trusted business partners or by federal and state entities that provide funding for our programs in compliance with our Privacy Policy and based on our instructions. Currently, we store the information that you submit through our website on secure servers located in the United States. We reserve the right to store, process or transfer your information as needed, including to offices or third parties residing or working outside of the United States. By communicating your Information to us, you agree, with a waiver of any future notice, to the storing, processing and transferring of your Information by us.

We have adopted reasonable security measures to protect our information and your Information against loss, misuse and alteration, including:

- the use of industry standard secure socket layer encryption (SSL);
- restricting access to your Information to our employees, contractors and agents who need to know that Information in order to process it for us; and
- a verification process when you access your account.

We encourage you to confirm that your browser supports encryption protection and to take reasonable precautions in protecting your account Information. Even with appropriate security precautions, the secure submission of information over the internet can never be guaranteed. Any submission of Information you make is at your own risk and we encourage you to take appropriate precautions that you to protect the confidentiality of your Information.

### **Links to Third Parties**

Our websites may contain links to a number of external websites that we believe may offer useful information. This Privacy Policy does not apply to other third party websites and you should contact any external websites directly for information on their privacy, security, data collection and distribution policies. We are not responsible for the content, use or misuse of any information provided or collected on any external websites.

### **General and Contacting Us**

By using our Services, communicating with us and providing your Information, you consent to our gathering, use, storage and processing of Information in accordance with this Privacy Policy.

We reserve the right to update this Privacy Policy from time to time, in which case, the updated Privacy Policy will be published on this website or otherwise made available to you. By continuing to use this website or participating in our programs or services after we publish any changes to this Privacy Policy, you are consenting to the changes and agree to be bound by them.

Please contact us with any questions or comments you have regarding our Privacy Policy or your information at [info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com) so that we may promptly address your concerns.

## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 7: Earthquake Brace + Bolt Update

Recommended Action: No Action Necessary

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Homeowners in Earthquake Brace + Bolt (EBB) program ZIP Codes are eligible for an incentive payment of up to \$3,000 to help pay costs associated with seismically retrofitting their houses.

In 2015 EBB was available in 7 cities and 28 ZIP Codes. The cities were-- Oakland, San Francisco, San Leandro, Los Angeles, Pasadena, Santa Monica and Napa. Our goal was to complete 600 retrofits this year.

As of November 20 for both expansions there are 592 projects complete and in process—

- 366 retrofits complete
- 226 projects with building permits

### **Additional Funding: State of California (1000 retrofits)**

The CEA is in the process of contracting with the Department of Insurance to receive the \$3,000,000 authorized in the 2015-2016 state budget to expand EBB. The funds will be transferred to the CEA for deposit in its Earthquake Loss Mitigation Fund for transfer to CRMP pursuant to a contract that we expect to ask the CRMP governing board to approve later in 2015.

### **Additional Funding: FEMA Hazard Mitigation Grant Program (100 retrofits)**

FEMA has approved Phase I and Phase II of CEA's Hazard Mitigation Grant Program application for funding for CRMP's EBB program. The funds will provide retrofit grants for 100 houses in Napa.

### **Program Review**

To further our long-term growth and success, we will routinely review the EBB program and make any needed modifications and enhancements. A review of EBB operations, processes and procedures is currently underway with Sjoberg Evashenk Consulting and Twining Inc. We will report the results to the governing board.

### **Outreach for 2016 EBB Underway**

In 2016 EBB will be available in 16 cities and more than 170 ZIP Codes (see one-pager included).

EBB will open homeowner registration on January 20<sup>th</sup> for 30 days.

We continue to encourage contractors to take the free online FEMA training in order to be included in the EBB Contractor Directory.

We are currently producing collateral material and finalizing outreach plans to homeowners. EBB will use the same marketing tactics approved last year including: direct mail, email campaign, media outreach and newspaper “Post-It” advertising.

Before homeowner registration opens, EBB staff will meet with every city’s building department and city officials.



## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 8: CRMP Business Plan – Updates and Amendments

Recommended Action: Approve Updates and Amendments CRMP Business Plan

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Bill Donovan, CRMP legal counsel, will present updates and amendments to the CRMP Business Plan for board approval.

(all changes from the 2014 version are shown in italics or strikeout)

*adopted 10/4/11  
revised 6/11/12  
revised 7/30/13  
revised 7/15/14  
proposed 12/1/15*

## **Business Plan**

### **California Residential Mitigation Program (CRMP)**

#### **1. Program Overview**

Both the California Office of Emergency Services (Cal OES) and the California Earthquake Authority (CEA) are authorized to assist California dwelling owners who wish to retrofit their dwellings to protect against earthquake damage. The CEA and Cal OES entered into a joint exercise of powers agreement to create the California Residential Mitigation Program (CRMP) to carry out a joint mitigation program.

The purpose of the CRMP program is to accept and disburse funds that will be used to provide grants and other types of assistance and incentives to the owners of single family residential buildings (one to four dwelling units) in California who wish to retrofit their dwellings to protect against earthquake damage.

The program will be limited to funding dwelling retrofit expenses that:

1. strengthen cripple walls to enable them to function as shear elements, significantly protecting the dwelling from collapsing; *and*
- ~~2. bolt sill plates to the foundation, enabling the dwelling to remain in place, rather than sliding off the foundation during an earthquake; and~~
3. ~~properly strap the water heater to reduce the likelihood of water and fire damage, and to protect the water supply.~~

#### **A. CA Building Code for retrofitting existing residential buildings**

The retrofit work funded by CRMP *is to conform to California law (Appendix Chapter A3 to California Building Code, Title 24, Part 2).* ~~will be aided by the adoption by the California Building Standards Commission on August 16, 2010 of the first ever statewide California building code covering seismic retrofitting of certain residential structures.~~ The retrofit work will also be subject to any more restrictive local requirements and to the permitting and inspection process of local jurisdictions.

#### **B. Contractor ~~education~~ *training* and requirements**

One of the critical elements of the CRMP program is to encourage and support work performed by private sector contractors who have received specialized residential seismic retrofit training ~~education~~. Accordingly, the program will include *the following features*.

1. ~~An online contractor education~~ *Online videos and tests to illustrate and instruct how to properly perform residential retrofits that meet all applicable residential-retrofit building codes.*
2. *A public list of contractors that have one or more employees, workers or other associated persons that have successfully completed the contractor training videos and tests, ~~have successfully completed the education module~~, to be made available online to dwelling owners.*
3. *A requirement that each listed contractor perform all program retrofit work in accordance with Chapter A3 and ensure that an employee, worker or other associated person who has taken and successfully completed the contractor training videos and tests oversees and approves all program retrofit work performed by the contractor.*
4. *A requirement that each listed contractor confirm that it is a licensed contractor in the State of California in good standing and that it will make available to CRMP, on request, evidence that it:*
  - a. *has in force a current California contractor's license in a field reasonably related to residential retrofit work on single-family dwellings in California;*
  - b. *has in force a current construction bond that meets or exceeds the statutory requirement;*
  - c. *retains evidence of current workers' compensation insurance for all employees of the contractor; and*
  - d.
  - e. ~~has participated in educational programs covering residential retrofitting procedures that prepare the contractor and its employees to perform residential retrofits in a workmanlike manner;~~
  - f. ~~use and supply bid forms and CRMP program materials in approved or otherwise acceptable formats for use with building owners; and~~
  - g. *demonstrates a commitment to work within the local jurisdiction's building-construction permitting and inspection processes.*
5. *Removal of a contractor from the CRMP list of contractors at the sole discretion of CRMP in the event CRMP determines that the contractor has failed to meet the requirements listed in (3) above or is using CRMP's trademark or anything similar to it or the phrase "Brace + Bolt" in a manner that implies to homeowners that the contractor is affiliated with CRMP beyond being a CRMP-registered contractor.*

### **C. Management team**

CRMP is a legally separate entity from its members. It has a governing board consisting of two members appointed by the CEA and two members appointed by Cal OES.

Overall responsibility for operations has been delegated by the governing board to the Executive Director in a governing board resolution authorizing the Executive Director to

take all necessary and appropriate actions to implement the business plan adopted by the governing board as updated from time to time, with the following limitations:

1. obtain prior approval of the governing board for contracts that either (a) involve a cost or obligation to CRMP greater than \$100,000 annually (or if the contract is not for a set amount, where the obligation is likely to exceed \$100,000 annually); or (b) have a duration or likely duration greater than 12 months;
2. obtain prior approval of the governing board before commencing litigation or arbitration proceedings; and
3. obtain prior approval of the governing board for the annual budget of CRMP.

The Executive Director is authorized to operate CRMP within the framework established by law and the joint exercise of powers agreement that formed CRMP and in accordance with rules and policies adopted by the governing board, including the CRMP Procurement Guidelines and Contracting Manual and the CRMP Expenditures Procedures Manual.

The Executive Director is expected to:

1. endeavor continually to identify emerging legal, economic, political, social, technological, and marketplace trends that are likely to affect CRMP's fulfillment of its mission, its operations, solvency, and management and bring to the attention of the governing board all matters that are sensitive in nature or that have a significant policy impact;
2. advise the governing board on all matters pertaining to CRMP;
3. cooperate with and act as liaison between and among the governing board, the CRMP staff, the members of CRMP and their staffs, departments and agencies of the State of California, the Legislature, the Governor, the Treasurer, the Insurance Commissioner, and other [state](#) officers;
4. present to the governing board (with recommendations) policies, rules, and proposed actions to carry out the provisions of laws that apply to CRMP programs;
5. submit to the governing board reports, resolutions, and procedures, and make recommendations for legislative action on changes in CRMP's programs and efforts in connection with the laws that govern the administration of CRMP;
6. maintain membership in and participate in the proceedings of state, national and other organizations in the field of earthquake loss mitigation for the purpose of keeping abreast of developments in that field and any and all related fields or endeavors—membership and participation includes traveling to and attending meetings of those organizations, as appropriate, and the Executive Director may designate any staff members (or, as appropriate, a contracted CRMP vendor or consultant) to carry out these delegated duties;
7. in consultation with the governing board as needed, act as the primary spokesperson for CRMP to the public and appear before and offer testimony to Legislative committees and address other groups to inform them of the operations, programs,

and policies of CRMP as well as positions taken by the governing board (if any) on proposed laws and other issues;

8. prepare proposed updates to the CRMP business plan no less frequently than annually and submit the updates to the governing board for consideration and approval;
9. oversee, direct, and monitor the performance of services from all CRMP contractors, vendors, consultants, and advisors;
10. accept service of summons and any other legal service of process for and on behalf of the governing board and CRMP; and
11. execute all documents and authorizing the issuance of instructions to accomplish the Executive Director's authorized responsibilities and duties.

Under its overall authority and responsibility to administer CRMP, the governing board will retain the following powers:

1. deliberate on and adopt basic policy and policy initiatives of CRMP;
2. review and adopt the annual budget of CRMP *and CRMP's cash flow plan* and approve significant budget *and cash flow plan* changes;
3. review and adopt the CRMP business plan, approve significant deviations from or actions not in the plan, and review and update the business plan no less frequently than annually;
4. *approve the ZIP codes in which dwelling owners will be invited to submit application forms to participate in the CRMP program;*
5. *approve marketing plans for the CRMP program;*
6. *evaluate CRMP program results from time to time and make changes in the program that the governing board decides are appropriate;*
7. approve contracts that fall outside the scope of authority delegated to the Executive Director;
8. conduct, ~~or delete~~ *delegate* responsibility for, annual performance reviews of key staff; and
9. review and approve litigation and arbitration proceedings.

CRMP may employ or contract for staff and consultants as required to administer the program and ~~will~~ *may* contract with private-sector organizations for ~~the services described below~~. Management oversight of the program will be provided by the governing board of

CRMP through the chief mitigation officer of the CEA. Cal OES, through its seats on the governing board, will have input into the direction taken by CRMP. No staffing will be provided by Cal OES.

Under California law, the debts, liabilities, and obligations of CRMP will not be debts, liabilities, or obligations of either of its members. CRMP will purchase insurance, including tort liability insurance and errors and omissions insurance for CRMP, its members, its officers and employees, and the officers and employees of the CEA who provide services to CRMP. The CEA and Cal OES will be named in the tort liability insurance policy as additional insureds. The terms and cost of such insurance must be acceptable to the CEA and to Cal OES.

## **2. Program Funding**

Funding for CRMP will be provided by voluntary advances, contributions, or grants. ~~It is expected that funds will be released to CRMP in increments as needed by CRMP. Funds from each funding source will be identified and tracked in a manner that permits CRMP to separately account for funds from each funding source. CRMP's program rules will be modified as necessary to reflect restrictions and requirements relating to new funding sources.~~

### **A. CEA contributions**

The CEA plans to *continue* to contribute funds to CRMP in support of the CRMP program from the CEA's Earthquake Loss Mitigation Fund, ~~which has a current balance of approximately \$25,000,000 and is authorized to receive up to \$5,000,000 annually under present law;~~ *The CEA has also contributed to CMP the use of personnel, equipment and property. The* amount and timing of CEA contributions is within the sole discretion of the CEA. Funding provided by the CEA may be used for CRMP administrative and operating expenses in addition to direct program expenses. The CEA contributions will be used for the program described at [www.earthquakebracebolt.com](http://www.earthquakebracebolt.com).

### **B. Multi-Hazard Mitigation Plan and FEMA grants and other third party funding**

Cal OES will maintain the State of California Multi-Hazard Mitigation Plan, which is required by federal law in order for the State to receive federal funds for mitigation, disaster recovery and fire suppression. Cal OES shall not contribute to the CRMP funds appropriated to Cal OES in the state budget. Cal OES, the CEA, and CRMP plan to seek federal *funding and other third party funding for the program, such as matching funds* under FEMA's earthquake hazards reduction assistance program *and other FEMA funding sources...CRMP will and may direct such third party provided funds to CRMP with the prior written consent of the CEA and Cal OES.*

### **C. Other third party funding**

*Funds for the CRMP program will be sought from state and other sources and will be accepted if the funding source and any accompanying restrictions and requirements are approved by the governing board of CRMP with the prior written consent of the CEA and Cal OES.*

### **~~3. Program Decisions to be made by the CRMP Governing Board~~**

~~A series of decisions concerning the CRMP program has been or will be made by the governing board of CRMP.~~

#### **~~A. Approve program administration~~**

~~The CRMP Executive Director has been authorized to manage the CRMP program.~~

- ~~1. CRMP has contracted with a private firm to develop the CRMP websites.~~
- ~~2. CRMP has contracted with a private firm to provide special inspections of the pilot program sites and a sample of the statewide program's sites.~~
- ~~3. CRMP will utilize CEA staff as required to administer the program.~~
- ~~4. CRMP will focus on the following:
  - ~~a. educating dwelling owners about their options to structurally strengthen their dwellings;~~
  - ~~b. informing dwelling owners about any funding that is available to encourage participation in the CRMP program;~~
  - ~~c. making available an application for dwelling owners who want to participate in the CRMP program;~~
  - ~~d. educating contractors about the CRMP program;~~
  - ~~e. educating building inspection authorities about the CRMP program;~~
  - ~~and~~
  - ~~f. informing, and productively working with, all interested parties about the CRMP program.~~~~

#### **~~B. Approve education program~~**

~~There will be an online retrofit education module for contractors based on materials provided by FEMA.~~

#### **~~C. Approve consumer incentive protocols~~**

~~The governing board will be asked to approve funding to support programs designed to encourage dwelling owners to participate in retrofit activities and submit application forms to participate voluntarily in the CRMP program.~~

## **~~D. — Authorize demonstration retrofits~~**

~~The governing board has authorized pilot program demonstration retrofits in Southern California and Northern California, the goal of which will be to assemble and display photographs and video interviews with dwelling owners, contractors, and building officials that can later be used to publicize, promote, and market the CRMP program.~~

~~Once the pilot program demonstration retrofits are completed, the Executive Director will evaluate the results with assistance from a private firm hired to provide pilot program evaluation services and report to the governing board to permit changes in the CRMP program before the pilot program is expanded or the program is launched statewide.~~

## **A. Approve marketing plan**

*The governing board will be asked to approve the ZIP codes in which dwelling owners will be invited to submit application forms to participate in the CRMP program and the related marketing plans.*

## **B. Approve budget and cash flow plan**

~~The governing board will consider budget and cash flow plans from time to time. The plans are expected to provide that funds will be released in increments to contractors pursuant to their respective contracts and that CRMP will release funds to dwelling owners as retrofits are completed and applicable requirements of CRMP are met.~~

## **~~C. — Evaluate Program Results~~**

~~The governing board will evaluate CRMP program results from time to time. One element of that evaluation will be reports from the Executive Director. Among other things, the Executive Director will be required to establish and report on a quality review process in which a certain number of completed retrofits are re-inspected by the special inspection firm to ensure that the program requirements have been followed, the contractor has done appropriate work, and local authorities have provided appropriate inspections and sign-off.~~

## **IV.3. Other Programs**

The CRMP program will not preclude Cal OES or the CEA from establishing and operating other mitigation projects or programs.





## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 9:                      Proposed Resolution – Transfer of \$3,000,000 to CRMP

Recommended Action:              Approval of Proposed Resolution

---

Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of \$3,000,000 if made by the California Earthquake Authority (CEA) as a contribution of funds received by CEA as a grant from the State of California, Department of Insurance, for further implementation and expansion of EBB, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding, dated as of December 16, 2015 (“MOU”), is between the California Earthquake Authority (“CEA”), a public instrumentality of the State of California, and the California Residential Mitigation Program (“CRMP”), a California joint exercise of powers entity.

W I T N E S S E T H

WHEREAS, the CEA is authorized by California Insurance Code section 10089.7(k) to accept grants and gifts of property, real or personal, tangible and intangible, and services from federal, state, and local government sources and private sources for its Earthquake Loss Mitigation Fund (“Fund”) that was created pursuant to California Insurance Code section 10089.37; and

WHEREAS, the CEA is a party to the agreement (“JPA Agreement”) between the CEA and the California Governor’s Office of Emergency Services (“Cal OES”) creating CRMP and making the CEA a member of CRMP; and

WHEREAS, CRMP operates the Earthquake Brace + Bolt program (“EBB”) that provides homeowners with incentive payments to strengthen their foundation and lessen the potential for earthquake damage; and

WHEREAS, On September 25, 2015, the State of California Department of Insurance (“Department”) and the CEA entered into an Agreement numbered 150151A (“State Agreement”), a copy of which is attached to this MOU) under which \$3,000,000 appropriated by the California Legislature has been transferred to the CEA for deposit in the Fund for the CEA to provide funds to CRMP for the implementation and further expansion of EBB; and

WHEREAS, the governing board of CRMP has adopted a resolution accepting the transfer to CRMP of \$3,000,000 if made by the CEA as a contribution of funds for further implementation and expansion of EBB; and

WHEREAS, Cal OES has consented to the contribution of those funds to CRMP pursuant to the JPA Agreement; and

WHEREAS, the governing board of the CEA has adopted a resolution authorizing and accepting the transfer of those funds to the CEA and the subsequent transfer of those funds to CRMP as a contribution pursuant to the JPA Agreement;

NOW, THEREFORE, the CEA and CRMP, for and in consideration of their mutual promises in this MOU, do agree as follows:

SECTION 1. CEA

The CEA agrees to deposit the \$3,000,000 received from the Department in its California Earthquake Authority Fund for transfer to its Fund. The CEA agrees to disburse those funds from the Fund to CRMP as contributions to CRMP pursuant to the JPA Agreement in the amounts requested by CRMP from time to time. The CEA covenants and agrees that it will not use those funds or permit those funds to be used for any other purpose, including without limitation, the payment of its expenses or policyholder claims.

SECTION 2. CRMP

(a) CRMP agrees to accept that contribution of \$3,000,000 from the CEA for further implementation and expansion of EBB pursuant to the authority granted in California Insurance Code sections 10089.395 and 10089.397 as directed by its governing board.

(b) CRMP will: (1) report no less frequently than semi-annually to the CEA each expenditure of the funds so contributed to it and otherwise cooperate with the CEA to assist the CEA in fulfilling its reporting obligations pursuant to Section 5 of Exhibit A to the State Agreement; (2) comply with any state-budget-related terms imposed on the Department pursuant to Section 4 of Exhibit B to the State Agreement; and (3) provide its annual audit reports to the CEA to assist the CEA in fulfilling its obligations pursuant to Section 2 of Exhibit D to the State Agreement.

(c) CRMP will indemnify, defend and save harmless the CEA and the CEA governing board from and against any and all losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorney's fees, arising from any claims of: (1) CRMP's breach of its obligations under this MOU; and (2) CRMP's acts or omissions constituting bad faith, willful misfeasance, negligence, or reckless disregard of its duties under this Agreement or under the policies and procedures adopted by the governing board of CRMP for the EBB Program.

SECTION 3. GENERAL

Nothing in this MOU creates or is intended to create duties or obligations to or rights in third parties.

California Earthquake Authority

by \_\_\_\_\_

California Residential Mitigation Program

by \_\_\_\_\_

## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 10:                      Proposed Resolution – Acceptance of Transfer of funds to CRMP

Recommended Action:              Approval of Proposed Resolution

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Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of funds if made by the CEA as a contribution of funds received from the California Governor's Office of Emergency Services (Cal OES) as a subgrant of funds from the Federal Emergency Management Agency to fund a modified version of the EBB program to be offered in Napa, California, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding, dated as of December 16, 2015 (“MOU”), is between the California Earthquake Authority (“CEA”), a public instrumentality of the State of California, and the California Residential Mitigation Program (“CRMP”), a California joint exercise of powers entity.

W I T N E S S E T H

WHEREAS, the CEA is authorized by California Insurance Code section 10089.7(k) to accept grants and gifts of property, real or personal, tangible and intangible, and services from federal, state, and local government sources and private sources for its Earthquake Loss Mitigation Fund (“Fund”) that was created pursuant to California Insurance Code section 10089.37; and

WHEREAS, the CEA is a party to the agreement (“JPA Agreement”) between the CEA and the California Governor’s Office of Emergency Services (“Cal OES”) creating CRMP and making the CEA and Cal OES members of CRMP; and

WHEREAS, CRMP operates the Earthquake Brace + Bolt program (“EBB”) that provides homeowners with incentive payments to strengthen their foundation and lessen the potential for earthquake damage; and

WHEREAS, CRMP requested the CEA to apply for a subgrant from Cal OES of a grant to Cal OES from the Federal Emergency Management Agency (“FEMA”) under its Hazard Mitigation Grant Program (“HMGP Program”) to provide partial funding for offering a modified version of EBB (“Napa EBB”) in Napa, California; and

WHEREAS, FEMA issued letters dated September 1, 2015, and September 11, 2015 (copies of which are attached to this MOU), approving the subgrant to the CEA of funds for Napa EBB; and

WHEREAS, Cal OES, as grantee of funds for Napa EBB, issued a letter dated September 15, 2015 (a copy of which is attached to this MOU), stating its requirements for the subgrant to the CEA of those funds; and

WHEREAS, the governing board of CRMP has adopted a resolution accepting the transfer to CRMP of subgrant funds if made by the CEA as a contribution of funds for Napa EBB; and

WHEREAS, Cal OES has consented to the contribution of those funds to CRMP pursuant to the JPA Agreement; and

WHEREAS, the governing board of the CEA has adopted a resolution authorizing and accepting the transfer of the subgrant funds to the CEA and the subsequent transfer of those funds to CRMP as a contribution pursuant to the JPA;

NOW, THEREFORE, the CEA and CRMP, for and in consideration of their mutual promises in this MOU, do agree as follows:

SECTION 1. CEA

The CEA agrees to deposit subgrant funds received by it in its California Earthquake Authority Fund for transfer to its Fund. The CEA agrees to disburse those funds from the Fund to CRMP as contributions to CRMP pursuant to the JPA Agreement in the amounts requested by CRMP from time to time. The CEA covenants and agrees that it will not use those funds or permit those funds to be used for any other purpose, including without limitation, the payment of its expenses or policyholder claims.

SECTION 2. CRMP

(a) CRMP agrees to accept that contribution of subgrant funds from the CEA for Napa EBB for expenditure and reimbursement in accordance with the FEMA letters dated September 1, 2015, and September 11, 2015, and any supplements and amendments thereto issued by FEMA to the CEA (collectively called "FEMA Letters") and the Cal OES letter dated September, 15, 2015, and any supplements and amendments thereto issued by Cal OES to the CEA (collectively called "Cal OES Letters").

(b) CRMP agrees to take full responsibility for timely providing the CEA with all information, documents, records, and reports required of the CEA by the FEMA Letters and by the Cal OES Letters. CRMP covenants and agrees that all such information, documents, records, and reports provided by it to the CEA will be accurate and complete and in full compliance with all applicable federal and state laws and regulations. A list of that information and those documents, records, and reports as of the date of this MOU is attached to this MOU as Exhibit A.

(c) CRMP will indemnify, defend and save harmless the CEA and the CEA governing board from and against any and all losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorney's fees, arising from any claims of: (1) CRMP's breach of its obligations under this MOU; and (2) CRMP's acts or omissions constituting bad faith, willful misfeasance, negligence, or reckless disregard of its duties under this MOU with respect to the FEMA Letters or under the Cal OES Letters or under the policies and procedures adopted by the governing board of CRMP for Napa EBB.

SECTION 3. GENERAL

Nothing in this MOU creates or is intended to create duties or obligations to or rights in third parties.

California Earthquake Authority

by \_\_\_\_\_

California Residential Mitigation Program

by \_\_\_\_\_

## EXHIBIT A

1. Information, documents, records, and reports required of the CEA by the Cal OES Letters:
  - A. governing body resolution;
  - B. grant assurances;
  - C. hazard mitigation grant reimbursement forms; and
  - D. requirements of California HMGP Administrative Plan.
  
2. Information, documents, records, and reports required of the CEA by the FEMA Letters:
  - A. master list inventory of 200 addresses with name(s) of owners, complete address of property, field verified geo-code latitude and longitude coordinates, assessor parcel numbers, and date of construction;
  - B. advance identification of any listed home with proposed construction visible from the exterior;
  - C. advance notice of any ground disturbing activities;
  - D. compliance with all applicable federal, state, and local laws and regulations (HMGP condition 1);
  - E. financial management systems to account for and track grant funds, in compliance with 44 CFR 13.20 (HMGP condition 2);
  - F. monitoring the use of grant funds for allowable costs, in compliance with 44 CFR 13.22 and the approved scope of work (HMGP condition 3);
  - G. no indirect costs of the CEA or CRMP are eligible for reimbursement (HGMP condition 4);
  - H. matching or cost sharing must comply with 44 CFR 13.24 and the approved grant project scope of work (HMGP condition 5);
  - I. non-federal audit of the CEA and CRMP in accordance with the Single Audit Act of 1984, in compliance with 44CFR 13.26 (HMGP condition 6);
  - J. procurement procedures shall be in conformance with 44 CFR 13.36 (HGMP condition 14);
  - K. quarterly progress reports in accord with 44 CFR 13.40 and the California HMGP Administrative Plan (HMGP condition 15);
  - L. retention of financial and programmatic records for at least 3 years following Cal OES submission of final expenditure report (HGMP condition 16); and
  - M. advance notice of a potential historic property or cultural resource (HGMP condition 19).



## **Governing Board Memorandum**

December 1, 2015

Agenda Item #11:                Treasurer Financial Report

Recommended Action:        No Action Necessary

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### Background:

CRMP Treasurer, Tim Richison, will go over the CRMP financial statements as of October 31, 2015.

### Recommendation:

No action is necessary.

**California Residential Mitigation Program  
(CRMP)**

**FINANCIAL  
REPORT**

**BOARD MEETING  
Tuesday, December 1, 2015**

**California Residential Mitigation Program  
Balance Sheet  
as of October 31, 2015**

**Assets**

Cash and cash equivalents	\$	1,840,243
Due from CEA		<u>395</u>
Total assets	\$	<u><u>1,840,638</u></u>

**Liabilities and Fund Balance**

Liabilities:

Accounts payable and accrued expenses	\$	12,010
Due to CEA	\$	<u>3,060</u>
Total liabilities		<u>15,070</u>

Fund Balance:

Unassigned		3,091,314
Current-year net income		(1,265,746)
Total fund balance		<u>1,825,568</u>
Total liabilities and fund balance	\$	<u><u>1,840,638</u></u>

**California Residential Mitigation Program  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year-to-Date Ended October 31, 2015**

Revenues:	
Contributions from members	\$ -
Total revenues	<u>-</u>
Expenditures:	
Administration and other office expenses	\$ 164
Audit Services	24,800
Board meeting	1,075
Grants (consumer incentives)	836,567
IT administration support	44,826
Insurance	34,323
Legal services	109,478
Marketing services	203,148
Travel	11,221
Total expenditures	<u>\$ 1,265,602</u>
Net change in fund balance	(1,265,602)
Fund balance, beginning of year	<u>3,091,314</u>
Fund balance, end of year to date	<u>\$ 1,825,712</u>

**California Residential Mitigation Program  
2015 Budget to Actual CRMP  
For the Ten Months Ending October 31, 2015  
California Residential Mitigation Program**

**Target Percentage Remaining as of October 2015 is 16.7%**

	<b>Annual Budget 2015</b>	<b>Used Budget \$</b>	<b>Remaining Budget \$</b>	<b>Remaining Budget %</b>
<b>Human Resources:</b>				
Compensation & Benefits:				
Travel				
CEA Contracted Employee	\$10,000	\$3,155	\$6,845	68.5%
Non-CEA-Employee	12,000	7,690	4,310	35.9%
Other:				
<b>General Office:</b>				
Board/Panel Services				
Board & Panel General	5,000	1,075	3,925	78.5%
Administration & Office				
Advertising Administration	10,000		10,000	100.0%
Office Supplies	2,000	136	1,864	93.2%
Printing & Stationery	500		500	100.0%
Postage	1,500		1,500	100.0%
Shipping & Deliveries	500	28	472	94.4%
Sponsorships	12,000		12,000	100.0%
Subscriptions	1,200		1,200	100.0%
<b>IT Administrative Support:</b>				
EDP Software	300	3,342	(3,042)	-1014.0%
Information Technology	7,800	13,884	(6,084)	-78.0%
Telecommunications	65,000	27,600	37,400	57.5%
<b>Other Operating Expenses:</b>				
Insurance	75,000	34,323	40,677	54.2%
<b>Total Operating Expenses</b>	<b>202,800</b>	<b>91,233</b>	<b>111,567</b>	<b>55.0%</b>
Audit Services	145,000	24,800	120,200	82.9%
<b>Earthquake - Loss Mitigation:</b>				
Grants	2,250,000	836,567	1,413,433	62.8%
<b>Legal Services:</b>				
Legal Services - Non-Claims	250,000	109,478	140,522	56.2%
<b>Marketing:</b>				
Marketing Services	500,000	203,148	296,852	59.4%
Promote Earthquake-Loss Mitigation	15,000		15,000	100.0%
<b>Research:</b>				
<b>Other:</b>				
<b>Total Other Expenses</b>	<b>3,160,000</b>	<b>1,173,993</b>	<b>1,986,007</b>	<b>62.8%</b>
<b>Total Budget Expenditures</b>	<b>3,362,800</b>	<b>1,265,226</b>	<b>2,097,574</b>	<b>62.4%</b>

# AGENDA ITEM #11

Finance Update

**California Residential Mitigation Program  
Balance Sheet  
as of October 31, 2015**

**Assets**

Cash and cash equivalents	\$ 1,840,243
Due from CEA	<u>395</u>
Total assets	<u><u>\$ 1,840,638</u></u>

**Liabilities and Fund Balance**

Liabilities:

Accounts payable and accrued expenses	<u>\$ 12,010</u>
Total liabilities	<u>12,010</u>

Fund Balance:

Unassigned	<u>1,828,628</u>
Total fund balance	<u>1,828,628</u>
Total liabilities and fund balance	<u><u>\$ 1,840,638</u></u>

**California Residential Mitigation Program**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year-to-Date Ended October 31, 2015**

Revenues:	
Contributions from members	\$ _____ -
Total revenues	_____ -
Expenditures:	
Administration and other office expenses	\$       164
Audit Services	24,800
Board meeting	1,075
Grants (consumer incentives)	836,567
IT administration support	44,826
Insurance	34,323
Legal services	109,478
Marketing services	203,148
Travel	<u>11,221</u>
Total expenditures	<u>\$ 1,265,602</u>
Net change in fund balance	(1,265,602)
Fund balance, beginning of year	<u>3,091,314</u>
Fund balance, end of year to date	<u><u>\$ 1,825,712</u></u>



**California Residential Mitigation Program  
2015 Budget to Actual CRMP  
For the Ten Months Ending October 31, 2015  
California Residential Mitigation Program**

Target Percentage Remaining as of October 2015 is 16.7%

	Annual Budget 2015	Used Budget \$	Remaining Budget \$	Remaining Budget %
<b>Human Resources:</b>				
Compensation & Benefits:				
Travel				
CEA Contracted Employee	\$10,000	\$3,155	\$6,845	68.5%
Non-CEA-Employee	12,000	7,690	4,310	35.9%
<b>General Office:</b>				
Board/Panel Services				
Board & Panel General	5,000	1,075	3,925	78.5%
Administration & Office				
Advertising Administration	10,000		10,000	100.0%
Office Supplies	2,000	136	1,864	93.2%
Printing & Stationery	500		500	100.0%
Postage	1,500		1,500	100.0%
Shipping & Deliveries	500	28	472	94.4%
Sponsorships	12,000		12,000	100.0%
Subscriptions	1,200		1,200	100.0%
<b>IT Administrative Support:</b>				
EDP Software	300	3,342	(3,042)	-1014.0%
Information Technology	7,800	13,884	(6,084)	-78.0%
Telecommunications	65,000	27,600	37,400	57.5%
<b>Other Operating Expenses:</b>				
Insurance	75,000	34,323	40,677	54.2%
<b>Total Operating Expenses</b>	<b>202,800</b>	<b>91,233</b>	<b>111,567</b>	<b>55.0%</b>
Audit Services	145,000	24,800	120,200	82.9%
<b>Earthquake - Loss Mitigation:</b>				
Grants	2,250,000	836,567	1,413,433	62.8%
<b>Legal Services:</b>				
Legal Services - Non-Claims	250,000	109,478	140,522	56.2%
<b>Marketing:</b>				
Marketing Services	500,000	203,148	296,852	59.4%
Promote Earthquake-Loss Mitigation	15,000		15,000	100.0%
<b>Total Other Expenses</b>	<b>3,160,000</b>	<b>1,173,993</b>	<b>1,986,007</b>	<b>62.8%</b>
<b>Total Budget Expenditures</b>	<b>3,362,800</b>	<b>1,265,226</b>	<b>2,097,574</b>	<b>62.4%</b>

## Governing Board Memorandum

December 1, 2015

Agenda Item #12:                    2016 CRMP Proposed Budget

Recommended Action:            Board Approval Needed

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### Background:

CRMP annually presents its program and operational budget for approval to the governing board.

### Analysis:

Based on plans for expansion of the Earthquake Brace and Bolt program in 2016 the following budgets have been prepared. See Attachment A. The first budget presented is a summary of all activities for the year. The following pages offer additional details of a portion of that budget, which correlates to its funding source.

### Conclusion:

CRMP staff recommends approval of the 2016 CRMP Budget as presented.

## California Residential Mitigation Program 2016 Budget

### Revenue

FEMA	\$	300,000
Department of Insurance		3,000,000
<b>Total Revenue</b>		<b>\$ 3,300,000</b>

### CRMP Administration Expenses

#### Human Resources

Travel	\$	26,500
		\$ 26,500

#### General Office

Board Services	\$	3,900
Administration & Office		17,000
Insurance		55,065
Financial Audit		50,000
Legal Services		200,000
Public Relations for CRMP		20,000
		\$ 325,965

### EBB Program Expenses

Software/Information Technology	\$	23,120
Call Center		64,800
Program Evaluations - Customer Service Satisfaction		50,000
Home Inspection Services		87,300
EBB Marketing		300,000
EBB Program Education		40,000
Grants to Homeowners (1600 payments at \$3,000)		5,400,000
		\$ 5,965,220

<b>Total Administrative and Program Expenses</b>		<b>\$ 6,317,685</b>
--	--	---------------------

**California Residential Mitigation Program  
2016 Budget  
Napa EBB**

**Revenue**

FEMA Reimbursement Grant	\$ 300,000
CEA Matching Contribution	100,000
<b>Total Revenue</b>	<hr/> \$ 400,000

**Expenses**

**CEA Matching Expenses**

Staff Time	\$ 39,500
Legal Services	12,500
Call Center	9,000
Marketing	28,000
Insurance	1,000
Photos of each house	10,000

**Homeowner Incentives**

Grants to homeowners (100 payments at \$3,000)	300,000
<b>Total Expenses</b>	<hr/> \$ 400,000

**California Residential Mitigation Program  
2016 Budget  
State of California  
Department of Insurance**

<b>Revenue</b>	
Appropriation	\$ 3,000,000
<b>Total Revenue</b>	<u>\$ 3,000,000</u>
<b>Expenses</b>	
Grants to Homeowners (1000 Payments at \$3,000)	\$ 3,000,000
<b>Total Expenses</b>	<u>\$ 3,000,000</u>

# AGENDA ITEM #12

2016 CRMP Budget Proposal

# California Residential Mitigation Program 2016 Budget

**Revenue**

FEMA	\$	300,000
Department of Insurance		3,000,000
		3,300,000
<b>Total Revenue</b>	<b>\$</b>	<b><u><u>3,300,000</u></u></b>

**CRMP Administration Expenses**

Human Resources		
Travel	\$	26,500
		\$ 26,500
General Office		
Board Services	\$	3,900
Administration & Office		17,000
Insurance		55,065
Financial Audit		50,000
Legal Services		200,000
Public Relations for CRMP		20,000
		325,965
	\$	325,965

**EBB Program Expenses**

Software/Information Technology	\$	23,120
Call Center		64,800
Program Evaluations - Customer Service Satisfaction		50,000
Home Inspection Services		87,300
EBB Marketing		300,000
EBB Program Education		40,000
Grants to Homeowners (1600 payments at \$3,000)		5,400,000
		5,965,220
	\$	5,965,220
		6,317,685
<b>Total Administrative and Program Expenses</b>	<b>\$</b>	<b><u><u>6,317,685</u></u></b>

**California Residential Mitigation Program  
2016 Budget  
Napa EBB**

**Revenue**

FEMA Reimbursement Grant	\$	300,000
CEA Matching Contribution		100,000
		400,000
<b>Total Revenue</b>	<b>\$</b>	<b>400,000</b>

**Expenses**

**CEA Matching Expenses**

Staff Time	\$	39,500
Legal Services		12,500
Call Center		9,000
Marketing		28,000
Insurance		1,000
Photos of each house		10,000

**Homeowner Incentives**

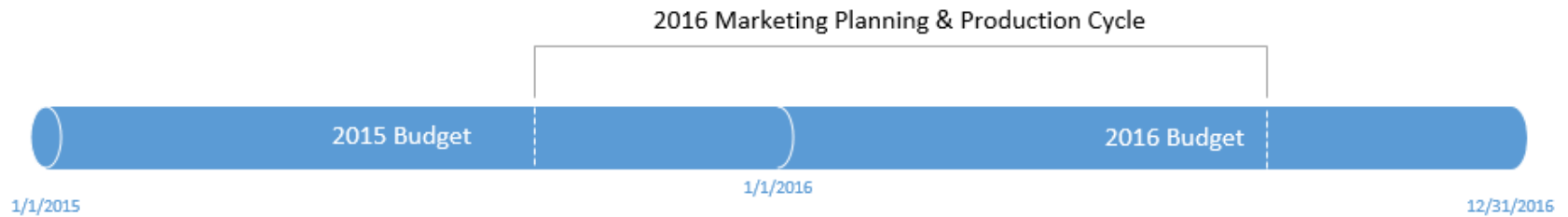
Grants to homeowners (100 payments at \$3,000)		300,000
		400,000
<b>Total Expenses</b>	<b>\$</b>	<b>400,000</b>



**California Residential Mitigation Program  
2016 Budget  
State of California  
Department of Insurance**

<b>Revenue</b>	
Appropriation	\$ 3,000,000
<b>Total Revenue</b>	<hr/> \$ 3,000,000
<b>Expenses</b>	
Grants to Homeowners (1000 Payments at \$3,000)	\$ 3,000,000
<b>Total Expenses</b>	<hr/> \$ 3,000,000

# EBB Marketing Campaign



## Governing Board Memorandum

December 1, 2015

Agenda Item #13: Update on CRMP Insurance Coverage

Recommended Action: No Action Necessary

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### Background:

CRMP purchased annual cyber insurance coverage in January 2015. Given the proposed increase in Earthquake Brace & Bolt (EB&B) program, staff determined that the cyber insurance coverage needed to be re-examined.

### Analysis:

Staff asked CRMP's insurance broker, Willis Pooling Practice, if they had the capability to take a look at the cyber insurance coverage in light of the expansion of the EB&B program. Willis using their model for cyber insurance reviewed CRMP's cyber coverage and discussed with staff their results.

### Conclusion:

The current CRMP cyber insurance coverage provides CRMP with adequate coverage for the current program but should, at renewal of the insurance coverage in 2016, obtain more coverage for the expansion of the EB&B program. The additional coverage is needed for the increase in the amount of consumer data that will be collected by EB&B for 2016.

# AGENDA ITEM #13

Insurance Coverage Update

# Insurance Coverage Update

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## **CRMP Governing Board Memorandum**

December 1, 2015

Agenda Item 14: Proposed 2016 Board Meeting Calendar

Recommended Action: Approval of Board Meeting Calendar

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Ms. Aguirre will present a proposed 2016 board meeting calendar for board approval.

## CRMP GOVERNING BOARD MEETING DATES 2016

MEETING DATE	LOCATION
JANUARY 26 1:00pm	California Earthquake Authority 801 K Street, Suite 1000 Sacramento, CA 95814
MARCH 22 1:00pm	Governor's Office of Emergency Services ("Cal OES") 3650 Schriever Avenue Mather, California 95655
MAY 17 1:00pm	California Earthquake Authority 801 K Street, Suite 1000 Sacramento, CA 95814
JULY 19 1:00pm	Governor's Office of Emergency Services ("Cal OES") 3650 Schriever Avenue Mather, California 95655
SEPTEMBER 20 1:00pm	California Earthquake Authority 801 K Street, Suite 1000 Sacramento, CA 95814
DECEMBER 13 1:00pm	Governor's Office of Emergency Services ("Cal OES") 3650 Schriever Avenue Mather, California 95655