

# CRMP

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## California Residential Mitigation Program A Joint Powers Authority

**Date of Notice: Friday, January 29, 2016**

### **PUBLIC NOTICE**

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

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

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

**DATE: Tuesday, February 9, 2016**

**TIME: 1:00 p.m.**

#### **AGENDA:**

1. Call to order and member roll call:

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

*Establishment of a quorum*

2. Consideration and approval of the minutes of the December 1, 2015, CRMP Governing Board Meeting.
3. CRMP Executive Director Janiele Maffei will present her executive report.
4. CRMP Treasurer Tim Richison will present a financial report.
5. Mr. Richison will present for approval an updated Expenditures Procedures Policy.

6. CRMP Managing Director Sheri Aguirre will present an update on the Earthquake Brace + Bolt (EBB) program.
7. Ms. Aguirre will present for approval revised Program Rules that includes water heater strapping.
8. Ms. Aguirre will present for approval revised Program Rules for the Napa program funded by FEMA's Hazard Mitigation Grant Program.
9. Ms. Aguirre will present for approval proposed resolutions authorizing the Program Rules to be updated by staff and also addressing environmental law matters.
10. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
11. 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)

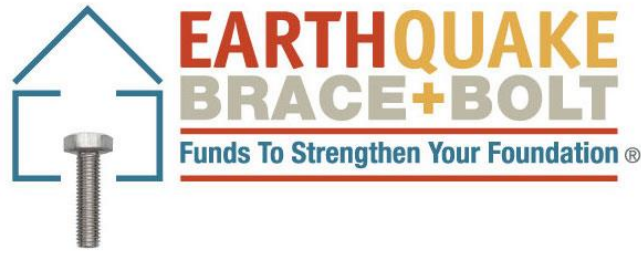
**To view this notice on the CRMP website, please visit  
[www.californiaresidentialmitigationprogram.com](http://www.californiaresidentialmitigationprogram.com)**

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

**Please contact Jacqueline Ball by telephone, toll free, at (877) 232-4300 or by email at [info@californiaresidentialmitigationprogram.com](mailto:info@californiaresidentialmitigationprogram.com). We would appreciate hearing from you at least five days before the meeting date to best allow us to meet your needs.**

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



Draft Meeting Minutes  
are not available.

Please see CRMP Governing  
Board Meeting  
Approved Minutes.

## **CRMP Governing Board Memorandum**

February 9, 2016

Agenda Item 3:                    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**

February 9, 2016

Agenda Item #4:                    Treasurer's Financial Update

Recommended Action:            No Action Necessary

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### Background:

CRMP Treasurer, Tim Richison, will review the CRMP financial statements as of November 30, 2015.

### Recommendation:

No action is necessary.

**California Residential Mitigation Program  
(CRMP)**

**FINANCIAL  
REPORT**

**BOARD MEETING  
Tuesday, February 9, 2016**

**California Residential Mitigation Program**  
**Balance Sheet**  
**as of November 30, 2015**

**Assets**

Cash and cash equivalents	\$ 1,664,820
Due from CEA	<u>395</u>
Total assets	<u><u>\$ 1,665,215</u></u>

**Liabilities and Fund Balance**

Liabilities:

Accounts payable and accrued expenses	<u>\$ 3,060</u>
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Total liabilities	<u>3,060</u>
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Fund Balance:

Unassigned	3,091,314
Current-year net income	(1,429,159)

Total fund balance	<u>1,662,155</u>
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Total liabilities and fund balance	<u><u>\$ 1,665,215</u></u>
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**California Residential Mitigation Program**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year-to-Date Ended November 30, 2015**

Revenues:	
Contributions from members	\$ -
Total revenues	<u>-</u>
Expenditures:	
Administration and other office expenses	\$ 323
Audit Services	31,850
Board meeting	1,075
Grants (consumer incentives)	992,472
IT administration support	44,826
Insurance	34,323
Legal services	109,478
Marketing services	203,148
Travel	11,664
Total expenditures	<u>\$ 1,429,159</u>
Net change in fund balance	(1,429,159)
Fund balance, beginning of year	<u>3,091,314</u>
Fund balance, end of year to date	<u><u>\$ 1,662,155</u></u>



**California Residential Mitigation Program  
2015 Budget to Actual CRMP  
For the Ten Months Ending November 30, 2015**

**Target Percentage Remaining as of November 2015 is 8.33%**

	<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%
Civil Service	\$0	\$375	(\$375)	-375.0%
Non-CEA-Employee	12,000	7,989	4,011	33.4%
<b>General Office:</b>				
Board/Panel Services				
Board & Panel General	5,000	1,220	3,780	75.6%
Administration & Office				
Advertising Administration	10,000		10,000	100.0%
Office Supplies	2,000	289	1,711	85.6%
Printing & Stationery	500		500	100.0%
Postage	1,500		1,500	100.0%
Shipping & Deliveries	500	34	466	93.2%
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>92,211</b>	<b>110,589</b>	<b>54.5%</b>
Audit Services	145,000	31,850	113,150	78.0%
<b>Earthquake - Loss Mitigation:</b>				
Grants	2,250,000	992,472	1,257,528	55.9%
<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>1,336,948</b>	<b>1,823,052</b>	<b>57.7%</b>
<b>Total Budget Expenditures</b>	<b>3,362,800</b>	<b>1,429,159</b>	<b>1,933,641</b>	<b>57.5%</b>

## **Governing Board Memorandum**

February 9, 2016

Agenda Item #5: Expenditure Procedures Manual Update

Recommended Action: Board Approval Needed

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### Background:

CRMP Treasurer, Tim Richison, will review the proposed updates to the CRMP Expenditure Procedures Manual.

### Analysis:

The changes recommended are as follows:

1. Expansion of authorities for the managing director to include signing authority of \$20,000;
2. Addition of Personal Identifying Information handling related to expenditures;
3. Clarification of staff titles and form names included in the procedures; and
4. Addition of the Authorization Matrix.

### Recommendation:

CRMP staff recommends approval of the revised Expenditure Procedures Manual as presented.

Adopted 11/13/2013  
Proposed Revision 02/09/2016

**CALIFORNIA RESIDENTIAL MITIGATION PROGRAM**

**EXPENDITURE PROCEDURES MANUAL**

# CALIFORNIA RESIDENTIAL MITIGATION PROGRAM

## EXPENDITURE PROCEDURES MANUAL

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## **2. Purpose**

This manual details authorization limits, method of securing contracts, reimbursement requests, and processing of payments for CRMP operating expenses.

## **3. Background**

CRMP was formed in August 2011 under the California Joint Exercise of Power Act (“Act”) by an agreement (“Agreement”) between the California Earthquake Authority, a public instrumentality of the State of California (“CEA”), and the California Governor’s Office of Emergency Services, an agency of California government (“Cal OES”).

The Agreement provides in Section 5 that CRMP shall exercise its powers in the same manner as the CEA exercises its powers. Accordingly, this document (the *CRMP Expenditure Procedures Manual*) is adapted from the CEA’s procedures for operating expenses and accounts payable.

CRMP is using the CEA’s general ledger computer application for processing. Any reference to the general ledger in this manual is the CEA’s application.

## **4. Text**

### **4.1 Purchase Authorization Matrix**

The Board has authorized the Executive Director of the CRMP to approve up to \$100,000 per vendor, year or contract. The authority may be delegated to other staff as deemed necessary by the executive director. These delegations are documented in the Authorization Matrix (see Appendix p. 15). Purchases in excess of \$100,000 per vendor, year or contract must be presented to the Governing Board for approval.

The Authorization Matrix lists each executive and other staff authorized to approve purchase transactions or travel expense reimbursements, as well as the authorization limits for transportation subsidies, travel expense advances, Board and Panel Travel Expense Reimbursement, wire transfers, transfers between CRMP bank accounts, contracts, expenses directly related to Board-Approved contracts, and other continuing contract services not requiring a purchase order request.

Executives or other staff may not combine their authorities to approve purchases greater than their individual authorization limits.

No executive, department director, or other staff may approve his/her own purchase request or travel expense reimbursement request. Executives must approve each others’ purchase and travel reimbursement requests. Department Directors must submit their purchase and travel reimbursement requests to authorized executives for approval. Staff must submit purchase and travel

reimbursement requests to the authorized department director, or their designee per the Authorization Matrix.

The Authorization Matrix will be reviewed by the CRMP Officers, or its designee, on an annual basis. Level of purchase authorization must be consistent with position and level of responsibility within the organization. The Authorization Matrix must also be updated for addition/deletion of positions previously authorized or newly appointed with authorization to approve purchases.

The executive director will approve exceptions to the Expenditure Procedure Manual on a per transaction basis, in writing. Documentation of this exception must be attached to the purchase request or order form.

#### **4.2 Procedures for Payment of Operating Expenses**

Operating expenses include payments for goods and services acquired by CRMP pursuant to CRMP's *Procurement Guidelines & Contracting Manual*. Operating expenses also include grants to owners of dwellings under CRMP's mitigation program.

The following procedures for the payment of operating expenses are general in nature. Deviations and exceptions can be authorized by either the treasurer or the executive director by signing a file memo or other document describing and approving the deviation or exception and sending a copy to the other officer.

**Disbursements.** All disbursements to pay operating expenses will fall into one of two categories disbursement transactions that do not require a purchase order and disbursement transactions that require a purchase order. Each is discussed below.

**A. Disbursement transactions that do not require a purchase order.** Purchase orders are not required for:

1. Transportation subsidies, travel expense advances and travel expense reimbursements;
2. Wire transfers and other disbursements from bank accounts to make payments due under CRMP contracts;
3. Payments for continuing office services (including telephone and communications services, shipping and delivery services, and water and coffee services), membership dues and subscriptions; and
4. Grants to owners of dwellings pursuant to CRMP's mitigation program.

The documentation and authorization requirements for these disbursement transactions are as follows:

	<b>Document Required:</b>	<b>Must Be Signed By:</b>
Transportation Subsidy	Request for Payment Transportation Subsidy	executive director, managing director or treasurer*
Travel Expense Advance	Travel Expense Advance Form	executive director, managing director or treasurer*
Travel Expense Reimbursement	Travel Expense Claim	executive director, managing director or treasurer*
Board Member Travel Expense Reimbursement	Travel Expense Claim	executive director, managing director or treasurer*
Wire Transfers to make payments due under CRMP contracts	Transfer Instruction Letter and contract requiring disbursement	executive director and treasurer*
Disbursements from Bank Accounts to make payments due under CRMP contracts	contract requiring disbursement	executive director and treasurer*
Payments for continuing office services	vendor's invoice	CRMP employee designated to manage the office service *
Payments for membership dues and subscriptions	vendor's invoice	executive director, managing director or treasurer*
Grants to owners of dwellings under CRMP's mitigation program	Payment Authorization Form signed by managing director	executive director, managing director or treasurer*

**\*Note** that Section F below includes limits on signing authority.

**B. Disbursement transactions that require a purchase order.** All disbursement transactions other than those listed in Section 4.2 require a purchase order. All purchase orders are to be initiated by sending a requisition email to the accounts payable clerk at [ap@californiar ResidentialMitigationProgram.com](mailto:ap@californiar ResidentialMitigationProgram.com) containing the following information:

1. Description of item or items to be purchased including the expense category or purpose; and
2. price per item and total cost including taxes and shipping when applicable; and
3. Quantity or quantities desired; and
4. Vendor information including name, address, phone number, email address for each vendor.

Include or attach any documentation such as but not limited to, a quote, email documentation, or screen shots of pricing required by the vendor.

After the accounting supervisor has all of the documentation required by Section 3, the accounting supervisor will work with the accounts payable technician to create the purchase order. All purchase orders will be sent to vendors according to any disbursement instructions. Attach the written approval required by Section F within the requisition email. If there are no such instructions, the purchase order will be faxed, mailed, or emailed to the vendor by the accounts payable clerk. If payment is to accompany the purchase order, a check will be mailed with the purchase order.

When goods covered by a purchase order are received, a CRMP employee other than the person who approved the purchase order will inspect the goods for damage and count the quantities received. The employee will record the inspection details on a receiving repurchase order, sign the report, and give the report to the accounts payable clerk for reconciliation with the purchase order. After reconciling the purchase order to the receiving report, the accounts payable clerk will enter the information in the accounting system. Any differences between the purchase order and the goods received should be noted on the receiving report and discussed with the vendor to ensure the receipt of the appropriate goods.

All approved requisitions will be coded for general ledger purposes. The general ledger coding will be assigned by the accounts payable clerk and reviewed by the accounting supervisor or CEA accounting manager.



The accounts payable clerk will review outstanding purchase orders quarterly and will follow up on any open purchase orders, contacting the vendor, if necessary, or canceling the purchase order.

**C. Documentation for continuing office services.** Section 4.2 does not require a purchase order for disbursements for continuing office services. However, the acquisition of continuing office services must be conducted in accordance with CRMP's *Procurement Guidelines & Contracting Manual*. The accounts payable clerk will print and retain each approved contract for continuing office services in the vendor file to document approval and issue payment for continuing office services under that contract against vendor invoices approved by the CRMP employee designated to manage the service.

**D. Documentation for membership dues and subscriptions.** Section 4.2 does not require a purchase order for disbursements for membership dues and subscriptions. The CRMP employee initially ordering the publication subscribed for or joining the membership organization is required to provide the accounts payable clerk with documents evidencing the initiation of the service/membership and that person (or his or her successor) must receive authorization from the executive director, managing director or treasurer for payments for renewals of membership dues and subscriptions.

**E. Guidelines for transfers of funds at State Street Bank.** Electronic transfers, checks, drafts, and other instruments drawn on CRMP's accounts with State Street Bank shall be authorized by both the executive director and treasurer by manual, facsimile, or machine-stamped signatures.

**F. Limits on signing authority.** The authority of any person to approve the payment of operating expenses is subject to limits imposed by the executive director. The executive director has delegated and limited that authority as follows:

1. Amounts up to \$20,000 can be approved by the managing director;
2. Amounts up to \$50,000 can be approved by the treasurer or the secretary;
3. Amounts up to \$100,000 can be approved by the executive director; and
4. Amounts over \$100,000 must be approved by a combination of two of the following: treasurer, secretary, and executive director.
5. See the Appendix for the California Residential Mitigation Program Authorization Matrix for specific delegated authorities that may not exceed the limits outlined above.

**G. Petty Cash Fund.** The Petty Cash Fund is an imprest system. Petty cash disbursements consist of payments for miscellaneous expenses involving

amounts of less than \$200. The petty cash fund will normally be kept at \$200 including cash and expense vouchers. The executive director may authorize an increase in the Petty Cash imprest amount. The CEA accounting manager will be the custodian for the fund (which will be kept in a cash box in the safe). The CEA accounting office will prepare a petty cash voucher for each disbursement from the fund, which the payee will sign before receiving the cash. At all times the total amount of the paid vouchers plus the cash remaining in the box or drawer should equal the established amount of the fund. When the remaining currency is less than \$25, the CEA accounting office will prepare a disbursement memo. The petty cash vouchers are attached to the memo, and forwarded to the treasurer who will review the vouchers and authorize the preparation of the check to reimburse the fund. The CEA accounting manager will cash the check and replenish the fund.

The auditor will conduct surprise fund counts of the Petty Cash Fund.

**H. Vendor Selection.** See the *Procurement Guidelines & Contracting Manual* for the requirements for vendor selection.

1. Vendor Master Files. Before a first-time transaction with a new vendor can be processed for payment, the CEA accounting office will create a physical folder to maintain invoices and purchase orders and establish a vendor file within the accounts payable module of the accounting system. Each vendor will be assigned a unique vendor ID, and each vendor file will have a valid vendor name, address, phone number, fax number, and vendor representative (if applicable).
2. Vendor Tax Forms. For each vendor without a federal form W-9 on file with the CEA or CRMP, the CEA accounting office will send a copy of federal form W-9 to the vendor with an email requesting that the vendor complete and return the form W-9. The email will inform the vendor that payment cannot be made to the vendor unless CRMP receives the completed and signed W-9 form. The CEA accounting office will track the receipt of the form W-9 for each vendor and will enter the information from the form W-9 in the accounting system.
3. Annually, the CEA accounting office will prepare federal form 1099 for vendors, complete, and sign the transmittal form (federal form 1096). The treasurer will send the completed package to the Internal Revenue Service and copies of the 1099s to the vendors before January 31<sup>st</sup> of each year.

**I. Central Processing.** CRMP will direct all vendors and contractors to submit invoices to one central location for processing. CRMP's preference is to have all invoices forwarded electronically. CRMP has established a dedicated email address for all CRMP invoices.

The email address is: [ap@californiaresidentialmitigationprogram.com](mailto:ap@californiaresidentialmitigationprogram.com)

For vendors unable to forward invoices electronically, CRMP will provide all vendors with the following address for billing:

California Residential Mitigation Program  
c/o California Earthquake Authority  
Accounts Payable  
801 K Street, Suite 1000  
Sacramento, CA 95814

All supporting payment documentation—such as copies of approved purchase requests, purchase orders, contracts, packing slips, receiving reports, and receipts—must be routed to the CEA accounts payable clerk, attached, and filed in the vendor file with the corresponding invoice.

#### **4.3 Accounts Payable**

Accounts payable reflected in the financial statement balance sheet represent authentic obligations of CRMP and include unpaid invoices as well as liabilities for operating expenses payable but not yet billed. In order to ensure that CRMP's records are complete and accurate, CRMP has implemented internal controls designed to prevent and detect misstatements due to error or fraud.

The following internal controls are general in nature. Deviations and exceptions can be authorized by either the treasurer or the executive director by signing a file memo or other document describing and approving the deviation or exception and sending a copy to the other officer. The use below of words and phrases like "are to be" or "shall" or "will" or "is to" are not intended to prevent the treasurer or the executive director from so approving deviations and exceptions.

Disbursements for operating expenses are to be promptly and accurately paid through a uniform and controlled process. All original vendor, supplier, consultant, and contractor invoices are to be routed to the CRMP accounting supervisor for processing. The CRMP accounting supervisor and CEA accounts payable staff is to process invoices in a timely manner. All invoices must be verified and agreed to the

proper supporting documentation and must be approved for payment by a person authorized to do so.

**A. Financial Reporting Controls.** The treasurer, the CEA's internal audit manager, and the accounting supervisor will review and update CRMP's financial reporting controls periodically and in any event at least annually. Independent external auditors will report on the financial statements on an annual basis. CRMP will use the results of the external financial statement audit to determine if material weakness exists in the financial reporting controls.

**B. Purchase Authorizations.** The CRMP Governing Board has adopted the *Procurement Guidelines & Contracting Manual* that describes the delegation of authority by the board to the Executive Director. Supporting documentation for each invoice is to conform to that authorization.

**C. Transaction Documentation.** This section of the *Expenditure Procedures Manual* specifies the documentation to implement the above procedures for payment of operating expenses and record and report the related accounts payable.

**D. Vendor Selection.**

1. **Vendor Master Files.** Before a first-time transaction with a new vendor can be processed for payment, the CEA accounting office will create a physical folder to maintain invoices and purchase orders and establish a vendor file within the accounts payable module of the accounting system. Each vendor will be assigned a unique vendor ID, and each vendor file will have a valid vendor name, address, phone number, fax number, and vendor representative (if applicable).
2. **Vendor Tax Forms.** For each vendor without a federal form W-9 on file with the CEA or CRMP, the CEA accounting office will send a copy of federal form W-9 to the vendor with an email requesting that the vendor complete and return the form W-9. The email will inform the vendor that payment cannot be made to the vendor unless CRMP receives the completed and signed W-9 form. The CEA accounting office will track the receipt of the form W-9 for each vendor and will enter the information from the form W-9 in the accounting system.
3. **Annually,** the CEA accounting office will prepare federal form 1099 for vendors, complete, and sign the transmittal form (federal form 1096). The treasurer will send the completed package to the Internal Revenue Service and copies of the 1099s to the vendors before January 31<sup>st</sup> of each year.

**E. Central Processing.** CRMP will direct all vendors, contractors, and employees to submit invoices to one central location for processing. CRMP's preference is to have all invoices forwarded electronically. CRMP has established a dedicated email address for all CRMP invoices.

The email address is: [ap@californiarresidentialmitigationprogram.com](mailto:ap@californiarresidentialmitigationprogram.com)

For vendors unable to forward invoices electronically, CRMP will provide all vendors with the following address for billing:

California Residential Mitigation Program  
c/o California Earthquake Authority  
Accounts Payable  
801 K Street, Suite 1000  
Sacramento, CA 95814

Once received, the invoices will be date-stamped by accounts payable and entered into the accounts payable module as a payable.

In addition, all supporting payment documentation—such as copies of approved purchase requests, purchase orders, contracts, packing slips, receiving reports, and receipts—must be routed to accounts payable, attached, and filed in the vendor file with the corresponding invoice.

**F. Personal Identifying Information.** All personal identifying information (PII) will be protected. CRMP and CEA employees hold a fiduciary responsibility to protect PII contained in W-9 and other forms contained in vendor files or check requests. Due care to protect this information is the responsibility of each employee throughout the payment cycle, including preparing check request packets, approval and review processes, establishing vendor files, entering invoices, creating invoice and check batches, retention of documents, and providing documents to examiners.

PII should be maintained in a locked drawer or filing cabinet when not actively being used. PII should not be left unattended on desks, chairs, in-boxes, or cubbies. Transfer of documents containing PII should be done person to person. If the intended recipient is not immediately available the responsibility remains with the possessor of the documents to protect the PII, until such time as the recipient becomes available.

**G. Original Invoices.** Original invoices or electronic billings are preferred. If an original invoice is lost or unusable, a duplicate may be used for processing but the accounting office must stamp the invoice as “duplicate” and must research

previous payments to the vendor to ensure there is no duplicate payment. After that research is completed, the accounting office will indicate on the duplicate copy that the original invoice was lost, and will initial and date the duplicate invoice. The accounting system has automatic controls in place to prevent duplicate payments for the same combination of invoice number and date.

**H. Disbursement transactions made with a Purchase Order.** For purchases made with a purchase order, the accounts payable clerk will match each vendor invoice to the approved purchase order and proof of receipt. The accounts payable clerk will recalculate the invoice if it does not match the purchase order. The Treasurer's office will indicate a recalculation was performed marking the invoice with a double check-mark (✓✓) under the total amount.

1. The accounts payable clerk will review the purchase order, invoice, and receiving documents to ensure that the item description and quantity are accurate. Unit price and total price will be recalculated to ensure the price does not exceed the price indicated on the purchase order. If the invoice price, item description, or quantity is inaccurate, the invoice will be deemed an exception.
2. If exceptions are noted during the "match" process, a "hold" will be placed on the invoice payment until the exception has been cleared. Exceptions are cleared when the accounts payable clerk has communicated the discrepancy to the vendor or to the person who ordered the item and the invoice has been corrected to reflect the proper quantity and unit prices. Any adjustments are to be approved by the authorized person who approved the original purchase request.

**I. Disbursement transactions made without a Purchase Order.**

Disbursement transactions authorized by the above Procedures for Payment of Operating Expenses without a purchase order require an approved contract or standing purchase authorization to be on file. When the invoice is received, it is entered into the accounts payable module of the accounting system and placed on "hold" until it has been approved for payment. The CEA accounting office will retain the original invoice and keeps it in a hold/pending payment folder. The original invoice is sent to the person responsible for authorizing payment. Once the invoice has been approved and returned to the accounting office, the hold is released and the invoice can be processed for payment. Copies of the invoice that were maintained in the hold/pending payment folder are discarded.

**J. Contract Services.** When invoices are received for contract services, the accounts payable clerk updates the "Contracts" spreadsheet in Excel with the invoice number, amount, and date paid, and paid amount. The Contracts spreadsheet lists all approved and outstanding contracts with their respective

proposed milestones, maximum contract amounts, expiration date, and payments to date. The accounts payable clerk traces and agrees invoices for contract services to deliverables agreed upon in the signed contract. If an invoice has exceeded the aggregated maximum contract amount or the contract has expired, the invoice will not be processed for payment and the accounts payable clerk will contact the person managing the contract for review of the exception.

If the invoice does not have an exception, it is input into the accounts payable module of the general ledger system as a payable and placed on “hold” until the invoice has been approved for payment. The accounts payable clerk copies the original invoice and keeps it in a hold/pending payment folder. The original invoice is sent to the person responsible for authorizing payment. Once the invoice has been approved and returned to the accounting office, the hold is released and the invoice can be processed for payment.

**K. Travel Expense Reimbursement.** The CEA’s travel policy, as amended from time to time, will be applied to CRMP.

**L. Accounts Payable Batches.**

1. On a weekly basis, the accounting office will process invoices and record payables into the accounts payable module of the accounting system. Payables are “batched” together in the system depending on whether they were originated with a purchase order or whether they were invoiced without a purchase order.
2. The purchase order batch, invoice batch report, and supporting documentation will be sent to the accounting supervisor for review.
3. The accounting supervisor or CEA accounting manager will review the accounts payable batch reports and, supporting documentation and confirm that expenses are assigned to the appropriate general ledger accounts. The accounting supervisor or CEA accounting manager is authorized to approve the batches in the accounting system and release them for posting by using the appropriate password. The accounting supervisor and CEA accounting manager know the batch approval password. The system will not process batches for payment without one of those individuals approving the batch. This approval establishes CRMP’s liability for these expenses.

**M. Check Batches.**

1. The accounts payable clerk will initiate the check batch function within the accounts payable module of the general ledger system to create a check batch.
2. The accounts payable clerk will review the batch to make sure all payments have appropriate documentation.
3. The accounts payable clerk will print the check batch report and give it to the accounting supervisor for review and approval.
4. The accounting supervisor will review the check batch report and ensure that items identified as "hold" on the purchase order or invoice preliminary batches have not been included in the check batch. These items on "hold" are not approved for payment and therefore should not be included. Other items included in the check batch that were not included in the approved weekly purchase order or invoice batches should be traced and agreed to the weekly aged trial balance report by the accounting supervisor. If no errors are noted, the accounting supervisor will approve the check batch in the accounting system and release them for posting and check printing by using the appropriate password. The system will not process the preliminary check batch without the accounting supervisor or CEA accounting manager entering the approval password.

**N. Check Printing.**

1. The accounts payable clerk will post the approved check batch and print the physical checks and check register.
2. Blank check stock will be kept in a locked cabinet drawer maintained by the accounts payable clerk. The CEA will not maintain CRMP check stock with pre-printed account information (such as account numbers, routing numbers, or check numbers).
3. The signature CD will be maintained in a locked cabinet in the office. The accounts payable clerk and the CEA accounting manager have the keys to access the locked cabinet. Only the CEA accounting manager may create new signature CD's, and CD's must be in read-only format with no copy or paste functionality. Signature CDs that are no longer needed, or that do not have the correct signatures, are to be destroyed.



4. The accounts payable clerk will mail checks directly to vendors. If checks cannot be mailed the same day they are generated, they will be kept in a locked file drawer and mailed the subsequent business day.
5. After an invoice has been paid, the accounts payable clerk will stamp it "paid", attach the check stub and corresponding backup documentation, and file it in the appropriate vendor file.
6. The accounts payable clerk will input the weekly expenses into the budget-to-actual worksheet. Expenses are to be categorized by general ledger account, department, and month paid.
7. The weekly check register will be reviewed by the CRMP Treasurer, who will initial it as evidence of review. The CRMP Treasurer will review the check register for any unreasonable amounts, unfamiliar vendors, checks made payable to employees, or any other unreasonable or questionable activity.
8. The executive director and the treasurer have check signing authority for CRMP. The CEA accounting manager maintains bank signature cards for the executive director and treasurer and will send appropriate signed documentation to notify banks of any changes.

**O. Wire Transfers.**

Wire transfer instruction letters must be signed by both the executive director and the treasurer. The treasurer is the only authorized individual to access the bank wire transfer system to conduct the wire transfer.

**P. Reporting.**

1. Posting to the General Ledger

Once the check batch is approved and posted, the accounts payable module of the accounting system creates an automated general ledger batch journal entry to record the check batch to the appropriate general ledger account. The accounting supervisor or CEA accounting manager will approve and post the general ledger batch and the associated journal entry using the appropriate password.

2. Accounts Payable Aged Trial Balance

On a monthly basis, the accounts payable clerk is to prepare an accounts payable aged trial balance report for review by the accounting supervisor.  
Period-End Cutoff Procedures

### 3. Period-End Cutoff Procedures

Invoices received 30 days before and 30 days after the end of the fiscal year are reviewed for cutoff and classification in the proper period. The accounting office is to maintain all invoices received 30 days before and after the period end, as well as other invoices for services received in the reporting period, in an accruals pending folder. The accounting supervisor will review the invoices and determines which expenses should be accrued for as of the period end date.

### 4. Accrued Expenses

In addition, at the beginning of the fourth quarter of the fiscal year, CRMP staff members are required to report to the accounting supervisor expenses incurred but not yet billed or approved for payment. The accounting supervisor will create a year-end accrual worksheet for review by the treasurer. The accounting supervisor and treasurer will review and approve the accrued expenses that will be posted as the year-end accrual journal entry.

## California Residential Mitigation Program (CRMP)

### Authorization Matrix

As of February 9, 2016

	Purchase Requests	Transportation Subsidy	Travel Expense Advance	Travel Expense Reimbursement	Board & Panel Travel Expense Reimbursement	Wire Transfers to make payments due under CRMP contracts	Disbursements from Bank Accounts to make payments due under CRMP contracts	Payments for continuing office services **	Payments for membership dues and subscriptions	Grants to owners of dwellings under CRMP's mitigation program	Contract Signature Authorization	Payments directly related to Board-Approved Contracts
Executive Director	\$100,000	\$500	\$5,000	\$20,000	\$20,000	Unlimited *	Unlimited *	\$100,000	\$100,000	\$3,000	\$100,000	Per Contract Per Year
Treasurer	\$50,000	\$500	\$1,000	\$5,000	\$0	Unlimited *	Unlimited *	\$0	\$50,000	\$3,000	\$0	Per Contract Per Year
Secretary	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Managing Director	\$20,000	\$500	\$500	\$1,500	\$1,000	\$0	\$0	\$20,000	\$500	\$3,000	\$0	N/A

1) Amounts over \$100,000 must be approved by a combination of two of the following: treasurer, secretary, and executive director.

\* Electronic transfers, checks, drafts, and other instruments drawn on CRMP's accounts with State Street Bank shall be authorized by both the executive director and treasurer.

\*\* Contracts such as Comcast, AT&T, transcription services, etc.

Adopted 11/13/2013\_  
[Proposed Revision 02/09/2016](#)

**CALIFORNIA RESIDENTIAL MITIGATION PROGRAM**

**EXPENDITURE PROCEDURES MANUAL**

# CALIFORNIA RESIDENTIAL MITIGATION PROGRAM

## EXPENDITURE PROCEDURES MANUAL

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## **2. Purpose**

This manual details authorization limits, method of securing contracts, reimbursement requests, and processing of payments for CRMP operating expenses.

# **~~History of the Organization and Introduction to the Manual~~**

## **3. Background**

CRMP was formed in August 2011 under the California Joint Exercise of Power Act (“Act”) by an agreement (“Agreement”) between the California Earthquake Authority, a public instrumentality of the State of California (“CEA”), and the California Governor’s Office of Emergency Management Agency Services, an agency of California government (“Cal EMAOES”).

The Agreement provides in Section 5 that CRMP shall exercise its powers in the same manner as the CEA exercises its powers. Accordingly, this document (the CRMP *Expenditure Procedures Manual*) is adapted from the CEA’s procedures for operating expenses and accounts payable.

CRMP is using the CEA’s general ledger computer application for processing. Any reference to the general ledger in this manual is the CEA’s application.

## **4. Text**

### **4.1 Purchase Authorization Matrix**

The Board has authorized the Executive Director of the CRMP to approve up to \$100,000 per vendor, year or contract. The authority may be delegated to other staff as deemed necessary by the executive director. These delegations are documented in the Authorization Matrix (see Appendix p. 15). Purchases in excess of \$100,000 per vendor, year or contract must be presented to the Governing Board for approval.

The Authorization Matrix lists each executive and other staff authorized to approve purchase transactions or travel expense reimbursements, as well as the authorization limits for transportation subsidies, travel expense advances, Board and Panel Travel Expense Reimbursement, wire transfers, transfers between CRMP bank accounts, contracts, expenses directly related to Board-Approved contracts, and other continuing contract services not requiring a purchase order request.

Executives or other staff may not combine their authorities to approve purchases greater than their individual authorization limits.

No executive, department director, or other staff may approve his/her own

purchase request or travel expense reimbursement request. Executives must approve each others' purchase and travel reimbursement requests. Department Directors must submit their purchase and travel reimbursement requests to authorized executives for approval. Staff must submit purchase and travel reimbursement requests to the authorized department director, or their designee per the Authorization Matrix.

The Authorization Matrix will be reviewed by the CRMP Officers, or its designee, on an annual basis. Level of purchase authorization must be consistent with position and level of responsibility within the organization. The Authorization Matrix must also be updated for addition/deletion of positions previously authorized or newly appointed with authorization to approve purchases.

The executive director will approve exceptions to the Expenditure Procedure Manual on a per transaction basis, in writing. Documentation of this exception must be attached to the purchase request or order form.

#### **4.2 Procedures for Payment of Operating Expenses**

Operating expenses include payments for goods and services acquired by CRMP pursuant to CRMP's *Procurement Guidelines & Contracting Manual*. Operating expenses also include grants to owners of dwellings under CRMP's mitigation program.

The following procedures for the payment of operating expenses are general in nature. Deviations and exceptions can be authorized by either the treasurer or the executive director by signing a file memo or other document describing and approving the deviation or exception and sending a copy to the other officer.

**~~1.~~ Disbursements.** All disbursements to pay operating expenses will fall into one of two categories— disbursement transactions that do not require a purchase order and disbursement transactions that require a purchase order. Each is discussed below.

##### **A. ~~2.~~ Disbursement transactions that do not require a purchase order.**

Purchase orders are not required for:

- 1.** ~~a.~~ Transportation subsidies, travel expense advances and travel expense reimbursements;
- 2.** ~~b.~~ Wire transfers and other disbursements from bank accounts to make payments due under CRMP contracts;
- 3.** ~~c.~~ Payments for continuing office services (including telephone and communications services, shipping and delivery services, and water and coffee services), membership dues and subscriptions; and
- 4.** ~~d.~~ Grants to owners of dwellings pursuant to CRMP's mitigation program.

The documentation and authorization requirements for these disbursement transactions are as follows:

	<b>Document Required:</b>	<b>Must Be Signed By:</b>
<del>Transportation Subsidy -executive director or treasurer*</del>	<del>Request for Payment</del>	<del>Transportation Subsidy</del>
<del>Travel Expense Advance treasurer*</del>	<del>Travel Expense Advance Form</del>	<del>executive director or</del>
<del>Travel Expense Reimbursement</del>	<del>Travel Expense Claim</del>	<del>executive director or</del>
<del>Board Member Travel Expense -executive director or treasurer*</del>	<del>Reimbursement      Travel Expense Claim</del>	<del>treasurer*</del>
<del>Wire Transfers to make payments due under CRMP contracts</del>		
<del>Disbursements from Bank -executive director and treasurer*</del>	<del>Transfer Instruction Letter and contract requiring disbursement</del>	
<del>Accounts to make payments due under CRMP contracts</del>		
<del>Payments for continuing contract requiring disbursement</del>		<del>executive director and treasurer*</del>
<del>office services</del>	<del>CRMP employee vendor's invoice</del>	
<del>Payments for membership dues and subscriptions -designated to manage the office service *</del>	<del>vendor's invoice</del>	<del>executive director or treasurer*</del>
<del>Grants to owners of dwellings under CRMP's mitigation program</del>		
<del>Authorization to Disburse Grant signed by program manager</del>		<del>executive director or treasurer*</del>

	<b>Document Required:</b>	<b>Must Be Signed By:</b>
<u>Transportation Subsidy</u>	<u>Request for Payment Transportation Subsidy</u>	<u>executive director, managing director or treasurer*</u>
<u>Travel Expense Advance</u>	<u>Travel Expense Advance Form</u>	<u>executive director, managing director or treasurer*</u>
<u>Travel Expense Reimbursement</u>	<u>Travel Expense Claim</u>	<u>executive director, managing director or treasurer*</u>
<u>Board Member Travel Expense Reimbursement</u>	<u>Travel Expense Claim</u>	<u>executive director, managing director or treasurer*</u>



<u>Wire Transfers to make payments due under CRMP contracts</u>	<u>Transfer Instruction Letter and contract requiring disbursement</u>	<u>executive director and treasurer*</u>
<u>Disbursements from Bank Accounts to make payments due under CRMP contracts</u>	<u>contract requiring disbursement</u>	<u>executive director and treasurer*</u>
<u>Payments for continuing office services</u> =	<u>vendor's invoice</u>	<u>CRMP employee designated to manage the office service *</u>
<u>Payments for membership dues and subscriptions</u> =	<u>vendor's invoice</u>	<u>executive director, managing director or treasurer*</u>
<u>Grants to owners of dwellings under CRMP's mitigation program</u>	<u>Payment Authorization Form signed by managing director</u>	<u>executive director, managing director or treasurer*</u>

**\*Note** that Section [7F](#) below includes limits on signing authority.

**B. 3. Disbursement transactions that require a purchase order.** All disbursement transactions other than those listed in Section [24.2](#) require a purchase order. All purchase orders are to be initiated by sending a requisition email to the ~~CEA's~~ accounts payable administrator (“APA”) clerk at [ap@californiar ResidentialMitigationProgram.com](mailto:ap@californiar ResidentialMitigationProgram.com) containing the following information:

1. ~~a.~~ Description of item or items to be purchased [including the expense category or purpose](#); and
2. price per item; [and total cost including taxes and shipping when applicable](#); and
3. ~~b.~~ Quantity or quantities desired; and
4. ~~c.~~ Vendor information ([including](#) name, address ~~and~~, phone number, [email address](#) for each vendor).

Include or attach any ~~additional~~ documentation (~~such as~~ [but not limited to](#), a quote ~~or notice~~, [email documentation, or screen shots of pricing](#) required by the vendor ~~or the APA. Attach the written approval required by Section 7 below.~~

After the ~~APA~~ [accounting supervisor](#) has all of the documentation required by ~~this~~ Section 3, the ~~APA will~~ [accounting supervisor will work with the accounts payable technician to](#) create the purchase order. All purchase orders will be sent to vendors according to any disbursement instructions ~~on~~. [Attach the written approval required by Section F within](#) the requisition email. If there are no such instructions, the purchase order will be faxed, mailed, or emailed to the vendor by the ~~APA~~ [accounts payable clerk](#). If payment is to accompany the purchase order, a check will be mailed with the purchase order.

When goods covered by a purchase order are received, a CRMP employee other than the person who approved the purchase order will inspect the goods for damage and count the quantities received. The employee will record the inspection details on a receiving repurchase order, sign the report, and give the report to the ~~APA~~ [accounts payable clerk](#) for reconciliation with the purchase order. After reconciling the purchase order to the receiving report, the ~~APA~~ [accounts payable clerk](#) will enter the information in the accounting system. Any differences between the purchase order and the goods received should be noted on the receiving report and discussed with the vendor to ensure the receipt of the appropriate goods.

All approved requisitions will be coded for general ledger purposes. The general ledger coding will be assigned by the ~~APA~~ [accounts payable clerk](#) and reviewed by the ~~CEA~~ accounting ~~lead~~ [supervisor](#) or CEA accounting manager. The ~~APA~~ [accounts payable clerk](#) will review outstanding purchase orders

quarterly and will follow up on any open purchase orders, contacting the vendor, if necessary, or canceling the purchase order.

**C. ~~4.~~ Documentation for continuing office services.** Section ~~24.2~~ does not require a purchase order for disbursements for continuing office services. However, the acquisition of continuing office services must be conducted in accordance with CRMP's *Procurement Guidelines & Contracting Manual*. The ~~APA~~ [accounts payable clerk](#) will print and retain each approved contract for continuing office services in the vendor file to document approval and issue payment for continuing office services under that contract against vendor invoices approved by the CRMP employee designated to manage the service.

**D. ~~5.~~ Documentation for membership dues and subscriptions.** Section ~~24.2~~ does not require a purchase order for disbursements for membership dues and subscriptions. The CRMP employee initially ordering the publication subscribed for or joining the membership organization is required to provide the ~~APA~~ [accounts payable clerk](#) with documents evidencing the initiation of the service/membership and that person (or his or her successor) must receive authorization from the executive ~~director, managing~~ director or treasurer for payments for renewals of membership dues and subscriptions.

**E. ~~6.~~ Guidelines for transfers of funds at State Street Bank.** Electronic transfers, checks, drafts, and other instruments drawn on CRMP's accounts with State Street Bank shall be authorized by both the executive director and treasurer by manual, facsimile, or machine-stamped signatures.

**E. ~~7.~~ Limits on signing authority.** The authority of any person to approve the payment of operating expenses is subject to limits imposed by the executive director. The executive director has delegated and limited that authority as follows:

1. ~~a.~~ Amounts up to \$~~1,000~~[20,000](#) can be approved by the ~~program-administrator~~[managing director](#);
2. ~~b.~~ Amounts up to \$50,000 can be approved by the treasurer or the secretary;
3. ~~c.~~ Amounts up to \$100,000 can be approved by the executive director; and
4. ~~d.~~ Amounts over \$100,000 must be approved by a combination of two of the following: treasurer, secretary, and executive director.
5. [See the Appendix for the California Residential Mitigation Program Authorization Matrix for specific delegated authorities that may not exceed the limits outlined above.](#)

**G. ~~8.~~ Petty Cash Fund.** The Petty Cash Fund is an imprest system. Petty

cash disbursements consist of payments for miscellaneous expenses involving amounts of less than \$200. The petty cash fund will normally be kept at \$200 including cash and expense vouchers. The executive director may authorize an increase in the Petty Cash imprest amount. The CEA accounting manager will be the custodian for the fund (which will be kept in a cash box in the safe). The CEA accounting office will prepare a petty cash voucher for each disbursement from the fund, which the payee will sign before receiving the cash. At all times the total amount of the paid vouchers plus the cash remaining in the box or drawer should equal the established amount of the fund. When the remaining currency is less than \$25, the CEA accounting office will prepare a disbursement memo. The petty cash vouchers are attached to the memo, and forwarded to the treasurer who will review the vouchers and authorize the preparation of the check to reimburse the fund. The CEA accounting manager will cash the check and replenish the fund.

The auditor will conduct surprise fund counts of the Petty Cash Fund.

**H. ~~9.~~ Vendor Selection.** See the *Procurement Guidelines & Contracting Manual* for the requirements for vendor selection.

- 1. ~~a.~~ Vendor Master Files.** Before a first-time transaction with a new vendor can be processed for payment, the CEA accounting office will create a physical folder to maintain invoices and purchase orders and establish a vendor file within the accounts payable module of the accounting system. Each vendor will be assigned a unique vendor ID, and each vendor file will have a valid vendor name, address, phone number, fax number, and vendor representative (if applicable).
- 2. ~~b.~~ Vendor Tax Forms.** For each vendor without a federal form W-9 on file with the CEA or CRMP, the CEA accounting office will send a copy of federal form W-9 to the vendor with an email requesting that the vendor complete and return the form W-9. The email will inform the vendor that payment cannot be made to the vendor unless CRMP receives the completed and signed W-9 form. The CEA accounting office will track the receipt of the form W-9 for each vendor and will enter the information from the form W-9 in the accounting system.
- 3. ~~c.~~ Annually,** the CEA accounting office will prepare federal form 1099 for vendors ~~and~~ complete, and sign the transmittal form (federal form 1096). The treasurer will send the completed package to the Internal Revenue Service and copies of the 1099s to the vendors before January 31<sup>st</sup> of each year.

1. ~~4.0.~~ Central Processing. CRMP will direct all vendors, ~~and~~ contractors, ~~and~~ employees to submit invoices to one central location for processing. CRMP's preference is to have all invoices forwarded electronically. CRMP has established a dedicated email address for all CRMP invoices.

The email address is: [ap@californiar ResidentialMitigationProgram.com](mailto:ap@californiar ResidentialMitigationProgram.com)

For vendors unable to forward invoices electronically, CRMP will provide all vendors with the following address for billing:

California Residential Mitigation Program  
c/o California Earthquake Authority ~~CEA~~  
Accounts Payable  
801 K Street, Suite 1000 Sacramento, CA 95814

All supporting payment documentation—such as copies of approved purchase requests, purchase orders, contracts, packing slips, receiving reports, and receipts—must be routed to the CEA accounts payable clerk, attached, and filed in the vendor file with the corresponding invoice.

#### **4.3 Accounts Payable**

Accounts payable reflected in the financial statement balance sheet represent authentic obligations of CRMP and include unpaid invoices as well as liabilities for operating expenses payable but not yet billed. In order to ensure that CRMP's records are complete and accurate, CRMP has implemented internal controls designed to prevent and detect misstatements due to error or fraud.

The following internal controls are general in nature. Deviations and exceptions can be authorized by either the treasurer or the executive director by signing a file memo or other document describing and approving the deviation or exception and sending a copy to the other officer. The use below of words and phrases like “are to be” or “shall” or “will” or “is to” are not intended to prevent the treasurer or the executive director from so approving deviations and exceptions.

Disbursements for operating expenses are to be promptly and accurately paid through a uniform and controlled process. All original vendor, supplier, consultant, and contractor invoices are to be routed to the ~~CEA accounts payable staff~~ CRMP accounting supervisor for processing. The CRMP accounting supervisor and CEA accounts payable staff is to process invoices in a timely manner. All invoices must be verified and agreed to the

proper supporting documentation and must be approved for payment by a person authorized to do so.

**A. ~~1.~~ Financial Reporting Controls.** The treasurer, the CEA's internal audit manager, and the ~~CEA~~ accounting ~~lead~~supervisor will review and update CRMP's financial reporting controls periodically and in any event at least annually. Independent external auditors will report on the financial statements on an annual basis. CRMP will use the results of the external financial statement audit to determine if material weakness exists in the financial reporting controls.

**B. ~~2.~~ Purchase Authorizations.** The CRMP Governing Board has adopted the *Procurement Guidelines & Contracting Manual* that describes the delegation of authority by the board to the Executive Director. Supporting documentation for each invoice is to conform to that authorization.

**C. ~~3.~~ Transaction Documentation.** This section of the *Expenditure Procedures Manual* specifies the documentation to implement the above procedures for payment of operating expenses and record and report the related accounts payable.

**D. ~~4.~~ Vendor Selection.**

**1. ~~a.~~ Vendor Master Files.** Before a first-time transaction with a new vendor can be processed for payment, the CEA accounting office will create a physical folder to maintain invoices and purchase orders and establish a vendor file within the accounts payable module of the accounting system. Each vendor will be assigned a unique vendor ID, and each vendor file will have a valid vendor name, address, phone number, fax number, and vendor representative (if applicable).

**~~b.~~ Vendor Tax Forms.** For each vendor without a federal form W-9 on file with the CEA or CRMP, the CEA accounting office will send a copy of federal form W-9 to the vendor with an email requesting that the vendor complete and return the form ~~W-9-9.~~ The email will inform the vendor that payment cannot be made to the vendor unless CRMP receives the completed and signed W-9 form. The CEA accounting office will track the receipt of the form W-9 for each vendor and will enter the information from the form W-9 in the accounting system.

**2. ~~c.~~ Annually,** the CEA accounting office will prepare federal form 1099 for vendors ~~and~~ complete, and sign the transmittal form (federal form 1096). The treasurer will send the completed package to the Internal

Revenue Service and copies of the 1099s to the vendors before January 31<sup>st</sup> of each year.

**E. ~~5.~~Central Processing.** CRMP will direct all vendors, contractors, and employees to submit invoices to one central location for processing. CRMP's preference is to have all invoices forwarded electronically. CRMP has established a dedicated email address for all CRMP invoices.

The email address is: [ap@californiar ResidentialMitigationProgram.com](mailto:ap@californiar ResidentialMitigationProgram.com)

For vendors unable to forward invoices electronically, CRMP will provide all vendors with the following address for billing:

California Residential Mitigation Program  
c/o California Earthquake Authority ~~CEA~~  
Accounts Payable  
801 K Street, Suite 1000  
Sacramento, CA 95814

Once received, the invoices will be date-stamped by ~~CEA~~ accounts payable and entered into the accounts payable module as a payable.

In addition, all supporting payment documentation—such as copies of approved purchase requests, purchase orders, contracts, packing slips, receiving reports, and receipts—must be routed to ~~CEA~~ accounts payable, attached, and filed in the vendor file with the corresponding invoice.

**E. ~~Personal Identifying Information.~~** All personal identifying information (PII) will be protected. CRMP and CEA employees hold a fiduciary responsibility to protect PII contained in W-9 and other forms contained in vendor files or check requests. Due care to protect this information is the responsibility of each employee throughout the payment cycle, including preparing check request packets, approval and review processes, establishing vendor files, entering invoices, creating invoice and check batches, retention of documents, and providing documents to examiners.

PII should be maintained in a locked drawer or filing cabinet when not actively being used. PII should not be left unattended on desks, chairs, in-boxes, or cubbies. Transfer of documents containing PII should be done person to person. If the intended recipient is not immediately available the responsibility remains with the possessor of the documents to protect the PII, until such time as the recipient becomes available.

**G. ~~6.~~Original Invoices.** Original invoices or electronic billings are preferred. If an original invoice is lost or unusable, a duplicate may be used for processing but the ~~CEA~~ accounting office must stamp the invoice as “duplicate” and must research

previous payments to the vendor to ensure there is no duplicate payment. After that research is completed, the ~~CEA~~ accounting office will indicate on the duplicate copy that the original invoice was lost, and will initial and date the duplicate invoice. The accounting system has automatic controls in place to prevent duplicate payments for the same combination of invoice number and date.

**H. ~~7.~~ Disbursement transactions made with a Purchase Order.** For purchases made with a purchase order, the [APAaccounts payable clerk](#) will match each vendor invoice to the approved purchase order and proof of receipt. The [APAaccounts payable clerk](#) will recalculate the invoice if it does not match the purchase order. The Treasurer's office will indicate a recalculation was performed marking the invoice with a double check-mark (✓✓) under the total amount.

- 1. ~~a.~~** The [APAaccounts payable clerk](#) will review the purchase order, invoice, and receiving documents to ensure that the item description and quantity are accurate. Unit price and total price will be recalculated to ensure the price does not exceed the price indicated on the purchase order. If the invoice price, item description, or quantity is inaccurate, the invoice will be deemed an exception.
- 2. ~~b.~~** If exceptions are noted during the "match" process, a "hold" will be placed on the invoice payment until the exception has been cleared. Exceptions are cleared when the [APAaccounts payable clerk](#) has communicated the discrepancy to the vendor or to the person who ordered the item and the invoice has been corrected to reflect the proper quantity and unit prices. Any adjustments are to be approved by the authorized person who approved the original purchase request.

**I. ~~8.~~ Disbursement transactions made without a Purchase Order.** Disbursement transactions authorized by the above Procedures for Payment of Operating Expenses without a purchase order require an approved contract or standing purchase authorization to be on file. When the invoice is received, it is entered into the accounts payable module of the accounting system and placed on "hold" until it has been approved for payment. The CEA accounting office will retain the original invoice and keeps it in a hold/pending payment folder. The original invoice is sent to the person responsible for authorizing payment. Once the invoice has been approved and returned to the ~~CEA~~ accounting office, the hold is released and the invoice can be processed for payment. Copies of the invoice that were maintained in the hold/pending payment folder are discarded.

**J. ~~9.~~ Contract Services.** When invoices are received for contract services, the [APAaccounts payable clerk](#) updates the "Contracts" spreadsheet in Excel



with the invoice number, amount, and date paid, and paid amount. The Contracts spreadsheet lists all approved and outstanding contracts with their respective

proposed milestones, maximum contract amounts, expiration date, and payments to date. The ~~APA~~[accounts payable clerk](#) traces and agrees invoices for contract services to deliverables agreed upon in the signed contract. If an invoice has exceeded the aggregated maximum contract amount or the contract has expired, the invoice will not be processed for payment and the ~~APA~~[accounts payable clerk](#) will contact the person managing the contract for review of the exception.

If the invoice does not have an exception, it is input into the accounts payable module of the general ledger system as a payable and placed on “hold” until the invoice has been approved for payment. The ~~APA~~[accounts payable clerk](#) copies the original invoice and keeps it in a hold/pending payment folder. The original invoice is sent to the person responsible for authorizing payment. Once the invoice has been approved and returned to the ~~CEA~~ accounting office, the hold is released and the invoice can be processed for payment.

K.     ~~10.~~ **Travel Expense Reimbursement.** The CEA’s travel policy, as amended from time to time, will be applied to CRMP.

L.     ~~11.~~ **Accounts Payable Batches.**

1. ~~a.~~ On a weekly basis, the ~~CEA~~ accounting office will process invoices and record payables into the accounts payable module of the accounting system. Payables are “batched” together in the system depending on whether they were originated with a purchase order or whether they were invoiced without a purchase order.
2. ~~b.~~ The purchase order batch, invoice batch report, and supporting documentation will be sent to the ~~treasurer~~[accounting supervisor](#) for review.

~~e.~~ The ~~CEA~~-accounting [lead supervisor](#) or CEA accounting manager will review the accounts payable batch reports and, supporting documentation and confirm that expenses are assigned to the appropriate general ledger accounts. The ~~CEA~~ accounting [lead supervisor](#) or CEA accounting manager is authorized to approve the batches in the accounting system and release them for posting by using the appropriate password. The ~~CEA~~-accounting [lead supervisor and](#) CEA accounting manager ~~and CEA assistant chief financial officer~~ know the batch approval password. The system will not process batches for payment without one of those individuals approving the batch. This approval establishes CRMP’s liability for these expenses.

**M.    ~~12.~~ Check Batches.**

1. ~~a.~~ The [APA accounts payable clerk](#) will initiate the check batch function within the accounts payable module of the general ledger system to create a check batch.
2. ~~b.~~ The [APA accounts payable clerk](#) will review the batch to make sure all payments have appropriate documentation.
3. ~~c.~~ The [APA accounts payable clerk](#) will print the check batch report and give it to the ~~CEA accounting lead or CEA accounting manager~~ [supervisor](#) for review and approval.
4. ~~d.~~ The ~~CEA accounting lead or CEA accounting manager~~ [supervisor](#) will review the check batch report and ensure that items identified as “hold” on the purchase order or invoice preliminary batches have not been included in the check batch. These items on “hold” are not approved for payment and therefore should not be included. Other items included in the check batch that were not included in the approved weekly purchase order or invoice batches should be traced and agreed to the weekly aged trial balance report by the ~~CEA accounting lead or CEA accounting manager~~ [supervisor](#). If no errors are noted, the ~~CEA accounting lead or CEA accounting manager~~ [supervisor](#) will approve the check batch in the accounting system and release them for posting and check printing by using the appropriate password. The system will not process the preliminary check batch without the ~~CEA accounting lead~~ [supervisor](#) or CEA accounting manager entering the approval password.

**N.    ~~13.~~ Check Printing.**

1. ~~a.~~ The [APA accounts payable clerk](#) will post the approved check batch and print the physical checks and check register.
2. ~~b.~~ Blank check stock will be kept in a locked cabinet drawer maintained by the [APA accounts payable clerk](#). The CEA will not maintain CRMP check stock with pre-printed account information (such as account numbers, routing numbers, or check numbers).
3. ~~c.~~ The signature CD will be maintained in a locked cabinet in the office. The [APA accounts payable clerk](#) and the CEA accounting manager have the keys to access the locked cabinet. Only the CEA accounting manager may create new signature CD's, and CD's must be in read-only format

with no copy or paste functionality. Signature CDs that are no longer needed, or that do not have the correct signatures, are to be destroyed.

- ~~d. The APA will mail checks directly to vendors. If checks cannot be mailed the same day they are generated, they will be kept in a locked file drawer and mailed the subsequent business day.~~
- ~~e. After an invoice has been paid, the APA will stamp it "paid", attach the check stub and corresponding backup documentation, and file it in the appropriate vendor file.~~
- ~~f. The APA will input the weekly expenses into the budget to actual worksheet. Expenses are to be categorized by general ledger account, department, and month paid.~~
- ~~g. The weekly check register will be reviewed and approved by the CEA assistant chief financial officer, who will initial it as evidence of review. The CEA Assistant chief financial officer will review the check register for any unreasonable amounts, unfamiliar vendors, checks made payable to employees, or any other unreasonable or questionable activity.~~
- ~~h. The executive director and the treasurer have check signing authority for CRMP. The CEA accounting manager maintains bank signature cards for the executive director and treasurer and will send appropriate signed documentation to notify banks of any changes.~~

#### **14. Wire Transfers.**

4. The accounts payable clerk will mail checks directly to vendors. If checks cannot be mailed the same day they are generated, they will be kept in a locked file drawer and mailed the subsequent business day.
5. After an invoice has been paid, the accounts payable clerk will stamp it "paid", attach the check stub and corresponding backup documentation, and file it in the appropriate vendor file.
6. The accounts payable clerk will input the weekly expenses into the budget-to-actual worksheet. Expenses are to be categorized by general ledger account, department, and month paid.
7. The weekly check register will be reviewed by the CRMP Treasurer, who will initial it as evidence of review. The CRMP Treasurer will review the check register for any unreasonable amounts, unfamiliar vendors, checks made payable to employees, or any other unreasonable or questionable activity.

8. The executive director and the treasurer have check signing authority for CRMP. The CEA accounting manager maintains bank signature cards for the executive director and treasurer and will send appropriate signed documentation to notify banks of any changes.

O. **Wire Transfers.**

Wire transfer instruction letters must be signed by both the executive director and the treasurer. The treasurer is the only authorized individual to access the bank wire transfer system to conduct the wire transfer.

P. **15. Reporting.**

1. ~~a.~~ Posting to the General Ledger

Once the check batch is approved and posted, the accounts payable module of the accounting system creates an automated general ledger batch journal entry to record the check batch to the appropriate general ledger account. The ~~CEA~~ accounting ~~lead~~supervisor or CEA accounting manager will approve and post the general ledger batch and the associated journal entry using the appropriate password.

2. ~~b.~~ Accounts Payable Aged Trial Balance

On a monthly basis, the ~~APA~~accounts payable clerk is to prepare an accounts payable aged trial balance report for review by the ~~CEA-~~ accounting lead and the CEA accounting manager-supervisor. Period-End Cutoff Procedures

3. ~~e-~~Period-End Cutoff Procedures

Invoices received 30 days before and 30 days after the end of the fiscal year are reviewed for cutoff and classification in the proper period. The ~~CEA~~ accounting office is to maintain all invoices received 30 days before and after the period end, as well as other invoices for services received in the reporting period, in an accruals pending folder. The ~~APA~~accounting supervisor will review the invoices and determines which expenses should be accrued for as of the period end date.

4. ~~d-~~Accrued Expenses

In addition, at the beginning of the fourth quarter of the fiscal year, CRMP staff members are required to report to the ~~CEA~~-accounting office supervisor expenses incurred but not yet billed or approved for payment. The ~~CEA~~-accounting office supervisor will create a year-end accrual worksheet for review by the ~~CEA accounting lead and CEA-~~ accounting manager-treasurer. The ~~CEA~~-accounting lead-supervisor and ~~CEA-~~ accounting manager-treasurer will review and approve the accrued expenses that will be posted as the year-end accrual journal entry.

5. APPENDIX

California Residential Mitigation Program (CRMP) Authorization Matrix As of February 9, 2016

	<u>Purchase Request</u>	<u>Transportation Subsidy</u>	<u>Travel Expense Advance</u>	<u>Travel Expense Reimbursement</u>	<u>Board &amp; Panel Travel Expense Reimbursement</u>	<u>Wire Transfers to make payments due under CRMP contracts</u>	<u>Disbursements from Bank Accounts to make payments due under CRMP contracts</u>	<u>Payments for continuing office services **</u>	<u>Payments for membership dues and subscriptions</u>	<u>Grants to owners of dwellings under CRMP's mitigation program</u>	<u>Contract Signature Authorization</u>	<u>Payments directly related to Board-Approved Contracts</u>
<u>Executive Director</u>	<u>\$100,000</u>	<u>\$500</u>	<u>\$5,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>Unlimited *</u>	<u>Unlimited *</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$3,000</u>	<u>\$100,000</u>	<u>Per Contract Per Year</u>
<u>Treasurer</u>	<u>\$50,000</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$5,000</u>	<u>\$0</u>	<u>Unlimited *</u>	<u>Unlimited *</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$3,000</u>	<u>\$0</u>	<u>Per Contract Per Year</u>
<u>Secretary</u>	<u>\$50,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
<u>Managing Director</u>	<u>\$20,000</u>	<u>\$500</u>	<u>\$500</u>	<u>\$1,500</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,000</u>	<u>\$500</u>	<u>\$3,000</u>	<u>\$0</u>	<u>N/A</u>

1) Amounts over \$100,000 must be approved by a combination of two of the following: treasurer, secretary, and executive director.

\* Electronic transfers, checks, drafts, and other instruments drawn on CRMP's accounts with State Street Bank shall be authorized by both the executive director and treasurer.

\*\* Contracts such as Comcast, AT&T, transcription services, etc.

<b>Legend:</b>	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	



## **CRMP Governing Board Memorandum**

February 9, 2016

Agenda Item 6: Earthquake Brace + Bolt Update

Recommended Action: No Action Necessary

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Homeowner registration for the 2016 Earthquake Brace + Bolt (EBB) program opened on January 20<sup>th</sup> in 18 cities and more than 100 ZIP Codes. Homeowners in eligible ZIP Codes with qualifying house characteristics are eligible for an incentive payment of up to \$3,000 to help pay costs associated with seismically retrofitting their houses. Registration is open through February 20.

EBB successfully launched the program with a press conference on January 20 in front of San Francisco City Hall. CEA CEO Glenn Pomeroy and CRMP Executive Director Janiele Maffei were joined by—

- Tina Curry (Deputy Director, CalOES and CRMP Board Member,
- Assemblymember David Chiu
- Supervisor Mark Farrell,
- Patrick Otellini (San Francisco Chief Resiliency Officer),
- Joanne Hayes (San Francisco Fire Chief),
- Anne Kronenberg (Executive Director, Department of Emergency Management),
- Tom Hui (Director, San Francisco Building Inspection Department), and,
- A San Francisco homeowner who completed an EBB retrofit in 2015.

As of 1/26/16, 2073 qualifying homeowners have registered for EBB. Homeowners will be notified in early March if they are accepted to EBB or if they are on the wait list. EBB plans to do 1600 retrofits in 2016 and the first 1,000 will be funded by the \$3M provided by the State of California via the Department of Insurance.

In addition to public relations, our marketing efforts are in full swing including direct mail, emails, advertising and radio spots. Our local outreach included offering EBB materials to building departments, city officials, assembly members, and neighborhood associations. CEA also sent a letter to its policyholders in EBB ZIP Codes who may qualify.

Training building department staff on Chapter A3 continues through the month of February.

### **FEMA Hazard Mitigation Grant Program (100 retrofits in Napa)**

Homeowner registration for 100 retrofits for Napa houses, funded by FEMA's Hazard Mitigation Grant Program, will open Monday, February 22.

## **Additional Funding**

We continue to look for additional funding for the EBB program to expand incentive payments to more homeowners. The number of homes in need of retrofits far exceeds the level of funding we have available at this time. CEA is submitting another application for additional Hazard Mitigation Grant Program funding and we are hopeful the State of California will continue its support for 2017.

## **CRMP Governing Board Memorandum**

February 9, 2016

Agenda Item 7:                      Revised Program Rules

Recommended Action:              Approve Program Rules that include water heater strapping

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Ms. Aguirre will present for approval revised Program Rules that includes water heater strapping.

Draft 2/9/2016

# 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.*)

In addition, to the seismic retrofit the water heater must also be properly strapped. In the event of an earthquake strapping the water heater will reduce the likelihood of water and fire damage (note that incentives for water heater strapping are only eligible under the Program when bracing and bolting are also being performed on the house).

### **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 do the following via their online Homeowner Dashboard:**

- (a) Indicate 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 and upload a copy including:

- ✓ 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 and upload six photographs:
- ✓ Three in the basement or crawl space showing the cripple walls and the foundation.
  - ✓ Three of the exterior of the house (one showing the front and one side of the house, one showing only the front of the house, and one showing only the other side of the house)

### **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 the retrofit the following items must be submitted to Napa EBB **via the online Homeowner Dashboard**:

(a) Building Permit

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

(b) Photos (six total):

- ✓ Three showing the completed retrofit work: in the crawl space 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.
- ✓ Three of the water heater strapping: Taken from the front and then each side at an angle showing the strapping around the heater and the attachment to the wall.

(c) Invoices and Receipts for Retrofit-Related Expenses

- ✓ If a licensed contractor performed the work the contractor's invoice for work performed (not the contractor's initial bid or proposal) must be submitted. Invoice must be broken out by labor, materials and overhead and profit. Additionally, 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. Participating homeowners may also opt-in to receive text alerts to important email communications.

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 that neither CRMP nor EBB will have any liability or responsibility for any work bid or performed by the contractor; and
- (e) affirm by 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**

February 9, 2016

Agenda Item 8:                      Revised Program Rules – Napa Program

Recommended Action:              Approve Program Rules for Napa Program funded by FEMA

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Ms. Aguirre will present for approval revised Program Rules for the Napa program funded by FEMA's Hazard Mitigation Grant Program.

Draft 2/9/2016

# Rules for Participation in the Earthquake Brace + Bolt Program in Napa

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 in Napa (“Napa 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.

Napa EBB is funded in part by the Federal Emergency Management Agency (“FEMA”) under its Hazard Mitigation Grant Program. For this reason, Napa EBB program rules and requirements vary in part from the flagship Earthquake Brace + Bolt program. It is very important for each participant in Napa EBB to refer to the [napabracebolt.com](http://napabracebolt.com) website for all program information and timelines.

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

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

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

## Section 1 – Homeowners and the Napa EBB Program

### 1.1 Official Source of Napa EBB Program Information

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

### 1.2 Locations Where Napa EBB Is Offered

Napa EBB is offered in ZIP Codes 94558 and 94559. Houses not located in one of those two ZIP Codes are not eligible for Napa EBB participation.

### 1.3 Incentive Payments

Napa 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 Napa EBB (see section 1.7), provided the Participating Homeowner sends Napa EBB documentation as required by these Rules (see section 1.8).

The actual cost of qualifying seismic retrofit work may exceed the \$3,000 Napa EBB incentive payment, but any expense that exceeds the Napa 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 Napa 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 Napa EBB program and is not considered a reimbursable out-of-pocket expense.)*

Every contractor doing seismic retrofit work in the Napa EBB program is required to be a Participating Contractor selected by the Participating Homeowner using at least two competitive bids (see section 1.8.1).

In addition to the seismic retrofit, the water heater must also be properly strapped. Strapping the water heater will reduce the likelihood of water and fire damage in the event of an earthquake. Incentives for water heater strapping are only eligible under the Program when bracing and bolting are also being performed on the house.

#### **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 Chapter A3 or the Association of Bay Area Governments Standard 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.

### **1.5.3 Important Additional Limitations**

Napa EBB cannot accept a house as a Qualifying House if:



- (a) it is listed in or considered eligible for listing to the National Register of Historic Places or designated as a National Historic Landmark pursuant to the National Historic Preservation Act; or
- (b) it is located in or near designated prime and unique farmlands pursuant to the Farmlands Protection Policy Act; or
- (c) it is located in a FEMA-identified 100-year or 500-year floodplain; or
- (d) it is located in a FEMA-identified floodway; or
- (e) it is depicted on a FEMA Flood Insurance Rate Map.

## **1.6 Registering for Napa EBB**

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

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

Homeowners must also:

- (a) Provide the GPS coordinates of the house, its assessor parcel number, and its date of construction.
- (b) Indicate whether the registering Homeowner is 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. If the homeowner is debarred, they will be unable to participate in Napa EBB.

If the house is a Qualifying House, the homeowner will be permitted to complete registration, add contact information, and authorize Napa 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 Napa EBB mailings and program updates but is not eligible to receive a Napa EBB incentive grant.

Houses are often owned by more than one person. Napa EBB does not undertake and is not responsible to confirm that a house is owned by the person applying to Napa 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 Napa EBB seismic retrofit work.

Napa EBB also determines in its sole discretion the number of Participating Homeowner incentive payments it will award.

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

Once homeowner registration closes, FEMA will review the homeowner registration list, and then an electronic system will randomly select homeowners for Napa EBB.

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 Napa EBB incentive payments as spaces become available. Being placed on a waiting list, however, does not guarantee eligibility for future Napa EBB incentive payments.

Following notification, Participating Homeowners must visit [www.napabracebolt.com](http://www.napabracebolt.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 Napa 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 Napa EBB via the Homeowner Dashboard to qualify for the incentive payment.

- ✓ A Participating Homeowner may authorize his or her 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, the Participating Homeowner must do the following **via their online Homeowner Dashboard**:

- (a) Indicate whether the project will be constructed by the Participating Homeowner as an owner-builder or by a Participating Contractor. An EBB Participating Contractor must be used to do the retrofit work and the Contractor Directory can be found at [www.napabracebolt.com](http://www.napabracebolt.com). Projects constructed by a contractor who is not a Participating Contractor will not qualify for the incentive payment.
- (b) If the project is to be constructed by a Participating Contractor, the Participating Homeowner **must obtain and submit at least two competing bids** from Participating Contractors.
  - ✓ If the higher bid is selected, the Participating Homeowner must state the reason.
  - ✓ Provide the name of the Participating Contractor selected to do the work.
- (c) Obtain a building permit from the local building department (either the City of Napa or Napa County, depending upon where the house is located) and submit the permit details and upload a copy including:
  - a. 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 an approved standard plan set.
  - b. 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.
  - c. While the wording on building permits varies, the criteria immediately above applies to every permit for every Qualifying House.
- (d) Take and upload six photographs:
  - ✓ Three in the basement or crawl space showing the cripple walls and the foundation.
  - ✓ Three of the exterior of the house (one showing the front and one side of the house, one showing only the front of the house, and one showing only the other side of the house)

- (e) Alert Napa EBB if any retrofit work will be visible from the exterior of the house after it is finished.

### **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 the retrofit the following items must be submitted to Napa EBB **via the online Homeowner Dashboard**:

#### (a) Building Permit

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

#### (b) Photos (six total):

- ✓ Three showing the completed retrofit work: in the crawl space 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.
- ✓ Three of the water heater strapping: Taken from the front and then each side at an angle showing the strapping around the heater and the attachment to the wall.

#### (c) Contractor Invoice or Homeowner/Builder Receipts for Retrofit-Related Expenses

- ✓ If a Participating Contractor performed the work, the contractor’s invoice for work performed (not the contractor’s initial bid or proposal) must be submitted. Invoice must be broken out by labor, materials and overhead and profit. Additionally, 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 Napa 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.

### **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 Napa EBB (including documentation submitted by the Participating Contractor on behalf of the Participating Homeowner).
- (b) Napa 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 Napa EBB may render the Participating Homeowner ineligible for an 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, Napa 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 Napa EBB.

Napa EBB has taken the position that Napa EBB incentive payments qualify as exempt from federal income taxation under Internal Revenue Code Section 139(g) and as exempt from California state income taxation under California Revenue and Taxation Code Section 17138.3 or Section 24308.7, provided, however, that the California state income tax exemption will only apply to any such payment made to a Participating Homeowner in a taxable year of the Participating Homeowner beginning July 1, 2015, or later. Each Participating Homeowner is encouraged to seek appropriate professional advice on the

federal and state tax implications of the receipt of the Napa 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**

Napa 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. Participating homeowners may also opt-in to receive text alerts to important email communications.

Neither CRMP nor Napa 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. Napa EBB has no obligation to provide other forms of communication.

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

(a) The information that Napa EBB and CRMP collect, maintain, and use 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 Napa EBB Participating Homeowner.

(c) The Privacy Policy posted on the Napa EBB website [www.napabracebolt.com](http://www.napabracebolt.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 Napa EBB website.

- (d) The Terms of Use posted on the Napa EBB website [www.napabracebolt.com](http://www.napabracebolt.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 Napa 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 Napa EBB. The Contractor Directory on the Napa EBB website, referred to in Section 2.1, is not an endorsement or approval of any Participating Contractor. Napa 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 Napa 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”.

- ✓ ***Napa 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 Napa 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 EarthquakeBraceBolt.com website;
- (b) register on the EarthquakeBraceBolt.com website as a “Participating Contractor” and maintain an online EBB account;
- (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 signifying on the Contractor Dashboard, that neither CRMP nor Napa EBB will have any liability or responsibility for any work bid or performed by the contractor; and,
- (e) affirm by signifying on the Contractor Dashboard that neither the contractor, or any of its principals, or any of its affiliates is 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 Napa EBB rules and requirements;
- (b) perform all Napa 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 Napa EBB website, oversees and approves all Napa 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 Napa 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 Napa 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 or have any of its principals or affiliates 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, Napa EBB may remove a Participating Contractor from the Contractor Directory in the event Napa EBB determines that the Participating Contractor has failed to meet all of these requirements.
  - ✓ In its sole discretion, Napa EBB may remove a Participating Contractor who is using Napa EBB's trademark or Napa EBB's phrase "Brace + Bolt"—or any mark or phrase that is, in Napa EBB's sole opinion and discretion, reasonably similar to Napa EBB's registered marks—in any manner that implies that the Participating Contractor is affiliated with Napa EBB in any manner beyond its status as a Participating Contractor.
  - ✓ Napa 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 Napa EBB website. In no instance and under no circumstances may a Participating Contractor use language indicating "approval", "endorsement", "qualified", or "referred" by Napa EBB in marketing or sales materials.

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

- (a) The information that Napa 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 Napa EBB website [www.napabracebolt.com](http://www.napabracebolt.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 Napa EBB website.
- (c) The Terms of Use posted on the Napa EBB website [www.napabracebolt.com](http://www.napabracebolt.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 Napa 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 Napa EBB, homeowners, Participating Homeowners, and Participating Contractors agree to resolve any dispute or controversy with, or claim against, CRMP or Napa EBB according to the Terms of Use posted on the Napa EBB website.

### **3.1 Informal Procedure**

In the event a controversy or claim arises out of the use of the Napa EBB website or participation in Napa EBB, a homeowner, Participating Homeowner, or Participating Contractor may contact Napa 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 Napa EBB website or by participating in any way in any Napa EBB program, homeowners, Participating Homeowners, and Participating Contractors agree that any claim or controversy arising out of their use of the Napa EBB website or participating in Napa 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 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 Napa EBB, email to:  
[info@earthquakebracebolt.com](mailto:info@earthquakebracebolt.com)

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

## **CRMP Governing Board Memorandum**

February 9, 2016

Agenda Item 9: Proposed Resolution – Rules for Participation in EBB Program

Recommended Action: Approval of Proposed Resolution

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Ms. Aguirre will present for approval proposed resolution authorizing the Program Rules to be updated by staff and also addressing environmental law matters.

PROPOSED BOARD RESOLUTIONS—AGENDA ITEM 9

RESOLVED, that the Rules for Participation in the Earthquake Brace + Bolt Program and the Rules for Participation in the Earthquake Brace + Bolt Program in Napa as approved by the Governing Board and the Terms of Use and Privacy Policy for the program websites and the CRMP website as approved by the Governing Board may be updated and corrected by the Executive Director and the Managing Director and each of them in order to resolve ambiguities or correct errors or to reflect changes in the program or applicable law; and

RESOLVED, that the activities funded by the Earthquake Brace + Bolt Program and the Earthquake Brace + Bolt Program in Napa do not and will not cause a physical change in the environment and that those activities have not, do not, and will not constitute a project within the meaning of Section 21065 of the California Environmental Quality Act.