

CRMP

California Residential Mitigation Program

A Joint Powers Authority

Date of Notice: Friday, May 24, 2019

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
10th Floor, Suite 1000
Sacramento, CA 95814

DATE: Wednesday, June 5, 2019

TIME: 1:00pm

AGENDA:

1. Call to order and member roll call:

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

Establishment of a quorum

2. Consideration and approval of the minutes of the March 5, 2018 CRMP Governing Board meeting.
3. Consideration and approval of the minutes of the April 22, 2018 CRMP Governing Board meeting.

4. CRMP Executive Director Janiele Maffei will present her executive report.
5. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of April 30, 2019.
6. CRMP Managing Director Annde Ewertzen will present the CRMP Mitigation (Earthquake Brace + Bolt) update.
7. CRMP Managing Director Annde Ewertzen will present request to award for contract, RFQ-0812, Public Relations and Marketing Services, for approval.
8. CRMP Managing Director Annde Ewertzen will present request to award for contract, RFQ-0813, Printing, Distribution and Market Analysis, for approval.
9. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
10. Adjournment.

Inquiries/General Information:

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

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

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

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



Draft Meeting Minutes
are not available.

Please see CRMP Governing
Board Meeting
Approved Minutes.

CRMP Governing Board Memorandum

June 5, 2019

Agenda Item 4: Executive Report by Executive Director Janiele Maffei

Recommended Action: No Action Necessary

Background:

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

Recommendation:

No action necessary.

Governing Board Memorandum

June 5, 2019 Agenda

Agenda Item 5: Treasurer's Financial Update

Recommended Action: No Action Necessary

Background:

CRMP Treasurer, Ben Kirwan, will review the CRMP financial statements as of April 30, 2019.

Recommendation:

No action is necessary.

California Residential Mitigation Program
(CRMP)

FINANCIAL
REPORT

BOARD MEETING
Tuesday, June 5, 2019

**California Residential Mitigation Program
Balance Sheet
As of April 30, 2019**

Assets

Cash and cash equivalents	\$ 2,110,154
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Total assets	\$ 2,110,154
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Liabilities and Fund Balance

Liabilities:

Accounts payable and accrued expenses	\$ 192
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Total liabilities	192
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Fund Balance:

Unassigned	2,109,962
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Total fund balance	2,109,962
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Total liabilities and fund balance	\$ 2,110,154
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**California Residential Mitigation Program
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year-to-Date Ended April 30, 2019**

Revenues:	
Contributions from members	\$ 3,300,000
Contributions from other governments	48,859
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Total revenues	3,348,859
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Expenditures:	
Administration and office expenses	\$ 7,135
Board services	333
Grants to homeowners	1,315,937
Inspection services	19,570
IT administrative support	9,254
Legal services	10,841
Marketing services	21,294
Program education	14,008
Program support	14,400
Travel	5,734
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Total expenditures	1,418,506
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Net change in fund balance	1,930,353
Fund balance, beginning of year	179,609
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Fund balance, end of year to date	\$ 2,109,962
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**California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
2019 Budget Year
as of April 30, 2019**

	Approved 2019 Budget 1/1/2019	Adjustments	Augmentations	2019 Budget after Augmentations and Adjustments	Actual Expenditures	Augmented & Adjusted Approved Budget vs. Actual Expenditures	Percentage used of Augmented & Adjusted 2019 Budget
Revenue							
Contribution from Members ¹	\$ -	\$ -	\$ 6,300,000	\$ 6,300,000	\$ 3,300,000	\$ 3,000,000	52.38%
Total Revenue	-	-	6,300,000	6,300,000	3,300,000	3,000,000	52.38%
CRMP Administration Expenses							
Travel	24,000			24,000	5,734	18,266	23.89%
Professional Dues and Memberships	800			800	-	800	0.00%
Board Services	2,200			2,200	333	1,867	15.14%
Administration & Office	25,100			25,100	7,135	17,965	28.43%
Insurance	45,000			45,000	-	45,000	0.00%
Financial Audit	50,000			50,000	-	50,000	0.00%
Legal Services	150,000			150,000	10,841	139,159	7.23%
Total Administration Expenses	297,100	-	-	297,100	24,043	273,057	8.09%
EBB Program Expenses							
Software/Information Technology	27,650			27,650	9,254	18,396	33.47%
Call Center	200,000			200,000	14,400	185,600	7.20%
Home Inspection Services	95,000			95,000	19,570	75,430	20.60%
EBB Marketing	325,000			325,000	21,294	303,706	6.55%
EBB Program Education	75,000			75,000	14,008	60,992	18.68%
Grants to Homeowners	7,500,000			7,500,000	1,315,937	6,184,063	17.55%
Total EBB Program Expenses	8,222,650	-	-	8,222,650	1,394,463	6,828,187	16.96%
Total Administrative and Program Expenses	\$ 8,519,750	\$ -	\$ -	\$ 8,519,750	\$ 1,418,506	\$ 7,101,244	16.65%

¹ California Earthquake Authority board has approved max funding of \$6,300,000 for 2019 as of the CEA board meeting on December 12, 2018.

Governing Board Memorandum

June 5, 2019

Agenda Item 6: California Residential Mitigation Program incentive program
(CRMP Earthquake Brace + Bolt)

Recommended Actions: No action required—information only

CRMP Earthquake Brace + Bolt Programs

CRMP's pace continues at a record rate, with more than 3,340 retrofits completed for the 2018 program, more than 7,800 for all programs. The 2018 program is slated to close on June 1, 2019, with 12 homeowners currently remaining in the program.

The 2019 FEMA program (registration closed on November 13, 2018) set a new record with 8,688 homeowners applying and is awaiting FEMA approval before Phase 2 activities can begin: homeowners can obtain a permit; select a contractor; complete retrofit work; and receive incentive grant. The program will be available in 255 ZIP Codes.

Houses have been under review for the past several months because of from FEMA and SHPO (State Historic Preservation Office) regarding environmental and historical preservation concerns. CRMP staff has held numerous conversations with CalOES, FEMA and SHPO to expedite resolution. To date, no resolution.

In response to the delay, a special meeting of the CRMP Governing Board was held requesting approval to utilize previously approved \$3 million of CRMP 2019 budget to fund a CRMP-funded EBB Program. The request was approved and the 2019 CRMP-funded Program was launched.

Earthquake Brace + Bolt Programs (5/22/2019): CRMP and CEA			
Program	Completed	In Progress	Status
2013-14 EBB Pilot	9	N/A	Closed
2015 EBB	528	N/A	Closed
2016 EBB	1,555	N/A	Closed
2017 EBB	2,185	N/A	Closed
Napa EBB	84	N/A	Closed
Pilot CEA BB	98	N/A	Closed
2018 EBB	3,340	12	7,546 registered 0 extensions Closing 6/1/19
FEMA 2019 EBB	N/A	N/A	8,688 registered
CRMP 2019 EBB	7	23	984 transfers
CEA 2019 BB	11	7	5,200 invited 71 accepted Opened 2/19/19

Total	7,817	42	n/a
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As of May 22, 2019, there were 1,125 FEMA-trained contractors in the EBB directory an increase of 3.5% since the March board meeting. CRMP began intensive outreach efforts to contractors beginning in early February that included postcards to more than 12,000 contractors, emails, social media ads and information packets. While efforts were concentrated in the ZIP Codes added for the 2019 program, outreach also was conducted in all areas the program serves. CRMP conducted additional outreach efforts to 2,300 contractors in April 2019 and 2,000 in May 2019.

The number of contractors that have completed retrofits has not changed significantly since the last board meeting because few retrofits have been completed during that time.

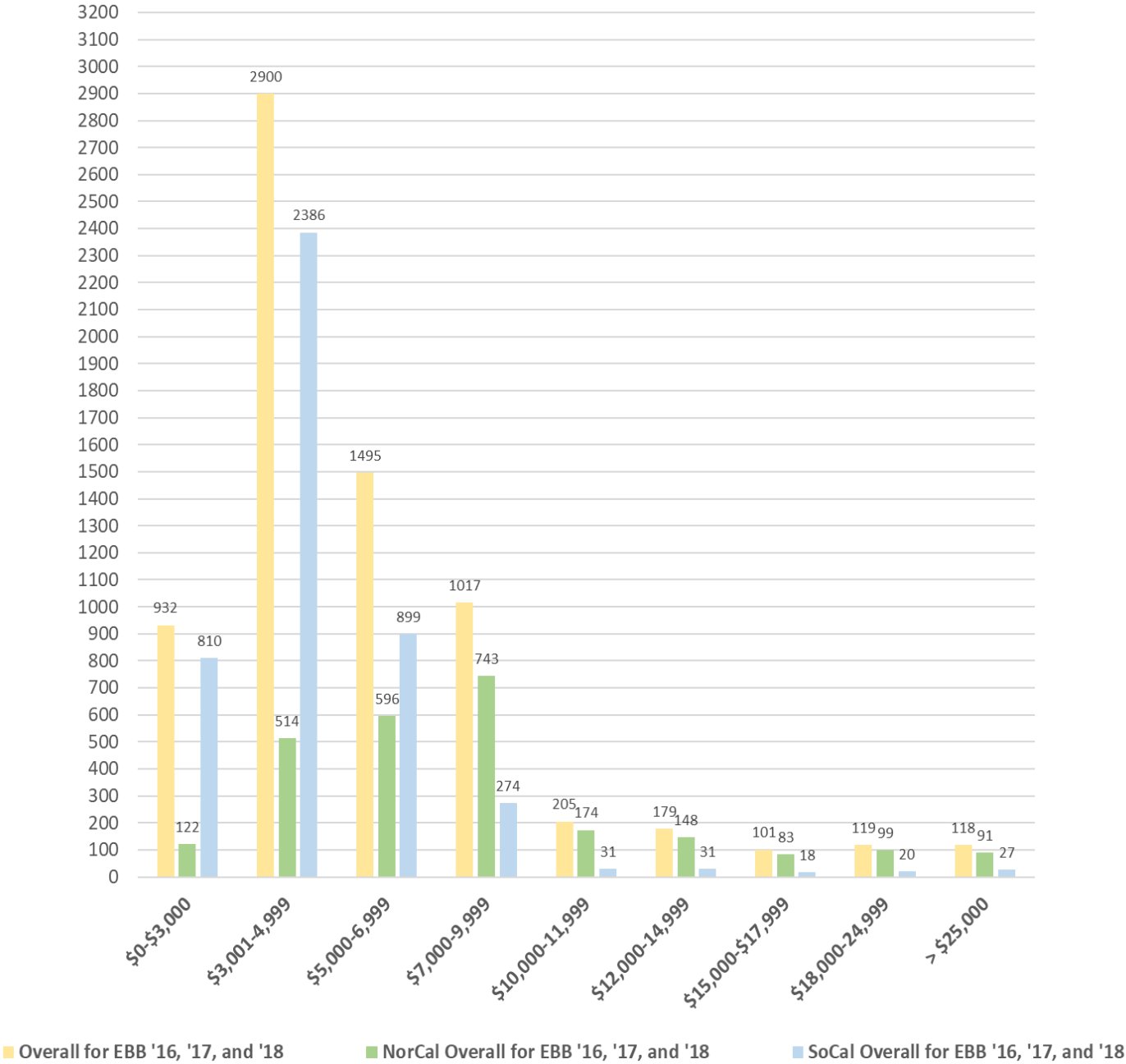
Contractors in EBB Directory- Range of Retrofits Paid (as of 04/30/2019 COB)										
Paid Retrofits	0	1	2-5	6-10	11-20	21-49	50-99	100-399	400+	Total
7,305	832	107	90	37	16	16	10	12	5	1,125

EBB Northern and Southern Regional Differences

While average, median and minimum costs continue to remain relatively stable across program years, retrofit costs in Northern California decreased between 2017 and 2018, but remain more expensive than in Southern California. This can be attributed to the type of retrofit completed and labor costs in Southern California. At the close of the 2018 program, the average cost in Southern California increased by almost \$200 and in Northern California the cost decreased by more than \$500.

Regional Cost Overall for All EBB Programs

(EBB '16, '17, '18) (as of 4/30/2019 COB)



Northern CA Retrofits (as of 4/30/2019 COB)			
Program Year:	2016	2017	2018
Total # of Retrofits:	585	828	1157
Average Cost:	\$9,167	\$8,899	\$8,422
Median Cost:	\$7,500	\$7,361	\$6,670
Min Cost:	\$928	\$1,143	\$955
Max Cost:	\$75,465	\$54,362	\$60,844

Southern CA Retrofits (as of 4/30/2019 COB)			
Program Year:	2016	2017	2018
Total # of Retrofits:	970	1357	2169
Average Cost:	\$4,597	\$4,726	\$4,936
Median Cost:	\$3,950	\$3,934	\$4,155
Min Cost:	\$562	\$1,197	\$877
Max Cost:	\$46,664	\$45,390	\$54,096

Engineered and Non-Engineered Retrofits

The number of completed non-engineered retrofits (as of 4/30/19) went from 88% to 91% for the 2017 and 2018 EBB programs, respectively. Engineered retrofits have remained relatively unchanged since reporting in March. Costs continue to be substantially more for engineered retrofits, while the average cost for non-engineered retrofits has dropped slightly compared to the 2017 program. Across both program years, most cost indicators are lower in 2018.

2017-2018 Retrofits by Type (as of 4/30/2019 COB)				
Type of Retrofit	Engineered '17	Non-Engineered '17	Engineered '18	Non-Engineered '18
Total # of Retrofits:	227	1958	303	3,023
Average Cost:	\$15,335	\$5,263	\$15,098	\$5,206
Median Cost:	\$13,541	\$4,500	\$12,083	\$4,500
Min Cost:	\$2,661	\$1,143	\$2,661	\$877
Max Cost:	\$54,362	\$40,200	\$60,440	\$60,844

Withdrawn Applications

During each program cycle, a significant number of applicants withdraw from the program. The completion rate for the 2018 EBB program was the highest yet for all program years, at 45%. For the 2016 and 2017 program cycle, a higher percentage of applicants withdrew from their respective programs in Northern California, but the 2018 program has reversed the trend with a larger percentage of withdrawals in Southern California. While CEA expected the trend to normalize once additional retrofits were completed, it has not.

Withdrawn Homeowners (as of 4/30/2019 COB)								
Program	Bay and LA 2016		Bay and LA 2017		Bay and LA 2018		Total	
Southern California	1,110	39%	1,435	40%	2,185	52%	4,730	44%
Northern California	1,772	61%	2,153	60%	1,983	48%	5,908	56%
Total	2,882	100%	3,588	100%	4,168	100%	10,638	100%

2018 CRMP EBB program

The 2018 EBB program is slated to close June 1, 2019, with an estimated 3,350 completed retrofits, surpassing the total number completed in the 2017 program by more than 50%. The program will close with approximately 50 fewer completed retrofits than forecasted at the December board meeting.

Future Funding Opportunities

CRMP continues to look beyond present funding sources—the primary source has been the CEA Earthquake Loss Mitigation Fund—for additional funding sources, including available FEMA HMGP grants.

Current HMGP applications include:

FEMA – Hazard Mitigation Grant Program (HMGP)

- DR 4308 - \$3M (awaiting Phase II approval)
- DR 4344 0102 - \$20M – (EBB 23 counties)
The application was submitted February 2019 and is currently under review by FEMA
- DR 4407 0104 - \$20M – (EBB Soft Story, 3 counties)
The application is in progress and will be submitted by 7/5/2019
- DR 4407 0105 - \$20M – (EBB 23 counties)
The application is in progress and will be submitted by 7/5/2019

DHS - Pre-Disaster Mitigation (PDM)

- \$10M- Multi-Family Dwellings (Statewide)
The application was submitted December 2018 and is currently under review by FEMA

CEA Brace + Bolt Program

CEA BB opened in February 2019, with an invitation sent to 4,000 policyholders. Sixty policyholders initially accepted the invitation, which while lackluster is within industry standards for direct mail. Due to the lack of response from policyholders, CEA is piloting a marketing and agent outreach effort. Results will be reported at the next board meeting.

CRMP Governing Board Memorandum

June 5, 2019

Agenda Item 7: Award of contract for public relations and marketing services

Recommended Action: Approve staff-recommended award

Background

At the March 5, 2019, CRMP Governing Board Meeting, Ms. Ewertsen presented a request for approval to move forward on advertisement of a Request for Public Relations and Marketing Services. The motion was approved. The Request for Qualifications and Proposals (RFP-Q) was advertised, proposals received and scored, interviews conducted, and a determination made.

The current marketing and public relations contract expire in July 2019 and no extensions were available for execution.

Procurement Process

On March 10, 2019, CRMP issued an RFP-Q for marketing and public relations services (CRMP RFP-Q #08-012) with a final proposal submission date of April 15, 2019.

Advertisement for RFP-Q was as follows:

- posted on the California Residential Mitigation (“CRMP”) website
- advertised (3/10-4/1/19) in the Los Angeles Business Journal and the San Francisco Chronicle
- emailed to forty-seven (47) public relations and marketing agencies, three (3) public relations associations, one (1) marketing association and fourteen (14) printing and marketing agencies throughout the Bay Area and southern California.

Six (6) email inquiries and two (2) proposals were received by the final proposal submission date. The proposers were Mercury Public Affairs, LLC and Runyon Saltzman, Inc.

Evaluation Process

Proposals were reviewed for compliance with the requirements of the RFP-Q for format, required submission components, and minimum qualifications and was evaluated by a panel of five staff members. Interviews were conducted on Tuesday, May 21, 2019, and Thursday, May 23, 2019. CRMP legal counsel assisted staff throughout the process.

After interview of proposers, review of proposer scores and final discussion between the panel members, CRMP staff determined it is in the best interest of CRMP to proceed with awarding of the public relations and marketing and public relations services contract in the approximate amount of \$350,000.00, to be awarded to either Mercury Public Affairs, LLC or Runyon Saltzman, Inc. based on CRMP’s completed review of proposer scores and discussion between panel members.

Contract payments will be made under CRMP-issued work orders and will be paid at the rate(s) specified in the RFP-Q (unless CRMP agrees to a fixed fee for a project).

Recommendation

Approve staff's recommendation to award the contract and authorize executive director Janiele Maffei to enter into a contract utilizing the terms and conditions specified in the RFP-Q.

CRMP Governing Board Memorandum

June 5, 2019

Agenda Item 8: Award of contract for printing, distribution and market analysis services

Recommended Action: Approve staff-recommended award

At the March 5, 2019, CRMP Governing Board Meeting, Ms. Ewertsen presented a request for approval to move forward on advertisement of a Request for Qualifications and Proposal (RFP-Q) for printing, distribution and market analysis services. The motion was approved. The RFP-Q was advertised, proposals received and scored, and a determination made.

Staff recommends awarding a contract to Zoom Media to provide printing, distribution and market analysis services for the CRMP program. The contract will have a three-year term, with 2 one-year extensions available.

Contract payments to Zoom Media will be made under CRMP-issued work orders on a unit-rate basis for work requested by CRMP (unless CRMP agrees to a fixed fee for a project). Subcontractor rates will be paid at the rate specified within the RFP.

Procurement Process

On March 10, 2019, CRMP issued an RFP-Q for printing, distribution and market analysis services (CRMP RFP-Q #08-013) with a final proposal submission date of April 15, 2019.

Advertisement for the RFP-Q was as follows:

- posted on the California Residential Mitigation (“CRMP”) website
- advertised (3/10-4/1/19) in the Los Angeles Business Journal and the San Francisco Chronicle
- emailed to two (2) printing associations, fourteen (14) printing and marketing agencies, and thirty-seven (37) printing companies throughout the bay area and southern California.

Four (4) email inquiries and one (1) proposal was received by the final proposal submission date. The sole proposer was Zoom Media.

Evaluation Process

Proposals were reviewed for compliance with the requirements of the RFP-Q for format, required submission components, and minimum qualifications and was evaluated by a panel of four staff members CRMP Program Analyst Jacqueline Ball, CRMP Customer Service Manager Mark Grissom, Communications Specialist D’Anne Ousley and Acting Chief of Insurance and Information Technology Mike Melavic. CRMP legal counsel assisted staff throughout the process.

Under the CRMP procurement guidelines, CRMP can determine which proposers to interview. Due to the limited number of proposals received (1) and CRMP’s knowledge of work products provided by Zoom Media, it was determined an interview was not necessary. Zoom Media has contracted with CEA since May 2016 and has provided subcontract services through CRMP marketing contractors since 2014. Zoom Media holds a consistent record of providing outstanding deliverables and customer service.

CRMP Governing Board Meeting – June 5, 2019

AGENDA ITEM 8: Proposed contract for printing, distribution and market analysis

Recommendation

Approve staff's recommendation to award the contract and authorize executive director Janiele Maffei to enter into a contract with Zoom Media utilizing the terms and conditions specified in the RFP-Q.