



State Of California
ALFRED E. ALQUIST
SEISMIC SAFETY COMMISSION
Governor Edmund G. Brown Jr.

December 16, 2011

The Honorable Anna Caballero
Secretary State and Consumer Services Agency
State and Consumer Services Agency
915 Capitol Mall, Suite 200

Dear Secretary Caballero:

In accordance with the Financial Integrity and State Managers Accountability Act of 1983, Government Code Sections 13400 through 13407, I am submitting the enclosed report describing the review of the Alfred E. Alquist Seismic Safety Commission's systems of internal control for the biennial period ending December 31, 2011.

If you have any questions, please contact me or Karen Cogan, Staff Services Manager, at 916-263-5506. Copies will be provided (electronically) to the list of recipients below, pursuant to Audit Memo No: 09-02

Sincerely,

Richard J. McCarthy
Executive Director

EC: (electronic copies)
Director of Finance
Members of the Legislature
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Financial Integrity and State Managers Accountability Act

Alfred E. Alquist Seismic Safety Commission

Authority and Background

The Alfred E. Alquist Seismic Safety Commission (Commission) was established by the Seismic Safety Act in 1975 to advise the Governor, Legislature, state and local agencies, and the public about strategies to reduce earthquake risk (Government Code §8870, et seq.). The Commission is not an emergency response organization nor does it have any regulatory authority. It reports through the State and Consumer Services Agency.

The Commission is composed of 20 commissioners chosen for their technical expertise and experience. The Governor appoints 15 commissioners, the Senate and the Assembly each choose a representative from their respective memberships, and three state organizations are represented (California Emergency Management Agency, California Building Standards Commission, and the State Architect).

The Commission is the central seismic resource and guardian for the State of California and acts as adviser to the Governor and the Legislature on earthquake policy. Dedicated to reducing earthquake risk for the people of California since 1975, the Commission investigates earthquakes, reports on earthquake-related issues, and evaluates and recommends to the Governor and Legislature policies needed to manage earthquake risk. It also ensures a coordinated framework for establishing earthquake safety policies and programs in California.

The Commission's ongoing goals are to make significant progress toward earthquake risk reduction and rapid post-earthquake economic recovery. The Commission's main goals for this fiscal year are to help further reduce the risk of fires following earthquakes, improve hospital safety, and partner with California businesses to help develop and streamline post-disaster economic recovery strategies.

Another major role performed by the Commission is required under the California Earthquake Hazards Reduction Act (Government Code, Section 8871 et seq.). The statute requires the Commission to prepare and administer a program to reduce statewide earthquake hazards which are contained in the Commission's publication, *California Earthquake Loss Reduction Plan*.

Mission Statement

To provide decision makers and the general public with cost-effective recommendations to reduce earthquake losses and expedite recovery from damaging earthquakes.

Vision Statement

To provide leadership in implementing and achieving the goals and objectives in the *California Earthquake Loss Reduction Plan*, including to advance learning about earthquakes and risk reduction in both the short and long term, advance the earthquake resistance of buildings and other important structures, and advance the preparedness and emergency response systems for earthquakes.

Commission Funding

The Commission is funded through the Insurance Fund until July 1, 2012. Section 12975.9 of the California Insurance Code authorizes an assessment on insurers based on a prorated percentage of premiums earned for commercial and residential property.

Chapter 49, Statutes of 2006 (AB 1809, Committee on Budget), was language in a budget trailer bill that extended the sunset date on the Insurance Fund from July 1, 2009 until July 1, 2012. The Commission's operational budget for fiscal year (FY) 2011-12 is \$1.3 million.

In 2007, a court Settlement Agreement was reached (negotiated by the Attorney General's Office) which awarded the Commission \$6.5 million from the California Research Assistance Fund (CRAF). These funds are designated for earthquake risk reduction projects administered through the Commission's *Earthquake Research Program*. Projects under this program are listed in Appendix A. Since 2007, the Commission has committed \$2,371,077 from its Research Fund and has leveraged \$5,342,078 from participating partners. This has resulted in a leveraging ratio of 2.3 to 1.

Commission Size, Structure, and Environment

In addition to the 20 Commissioners, seven staff members include the following:

- 1 Executive Director – Senior and Solo Management
- 2 Staff Service Managers
- 2 Structural Engineers
- 1 Geologist
- 1 Executive Secretary

All employees directly report to the Executive Director. The Executive Director consults with State and Consumer Services Agency Secretary as well as the full Commission, and is charged with approving all training, purchases, travel requests, vacation requests, claims, and invoices.

Administrative Safeguards

Because of its small size, the Commission contracts with the Department of General Services (Contracted Fiscal Services, and Human Resources) for administrative and fiscal services. All applicable and necessary tasks are performed in accordance with state government regulations

and laws. Annual evaluations are conducted on all purchasing procedures and the Commission is granted authority as needed.

Commission Strategic Plan Goals, Objectives, and Performance Measure

Goal 1: Provide Advice to the Governor and Legislature on Strategies, Policies and Programs Intended to Reduce Earthquake Losses and Speed Recovery.

Performance Measure

The performance of the Commission's efforts is defined by the number of earthquake safety policies and programs implemented or modified through education, advice, and advocacy. The end results or outcomes, however, are not within the Commission's control, generally, because the Commission is strictly an advisory body with no regulatory authority. Most policy or program changes depend upon the actions of a host of different authorities, such as the Governor, the Legislature, agencies and departments vested with regulatory authority, local governments, professional organizations and stakeholders.

The Commission does control the outputs or products it produces which in turn can be used to advise, educate and encourage policymakers to take into consideration and adopt or implement.

Goal 2: Provide Leadership to Identify and Secure New Resources to Fund Earthquake Risk Reduction Efforts in California.

Performance Measure

The ultimate outcome is the total number of dollars generated or redirected for earthquake safety policies or programs as a result of the Commission's leadership. These results are not within the Commission's control because the Commission does not have the authority to direct expenditures.

The Commission can control the identification of funds that are available for earthquake risk reduction efforts and apply for those funds directly, encourage others to apply or recommend the redirection of those funds.

The use of the Research Fund (as described above) is the best example of how the Commission seeks new funding sources to support earthquake risk reduction and recovery efforts.

Goal 3: Provide Leadership to Increase the Awareness of Earthquake Loss Reduction Strategies, Policies and Programs.

Performance Measure

The performance gauge of the Commission's efforts to increase seismic safety awareness in the state may be quantifiable by the contributions made by the Commission through its work with the educational and professional organizations that engage in earthquake awareness. Receiving

feedback from CalEMA, FEMA, the American Red Cross, and other professional organizations engaged in earthquake awareness activities give clear indications about the benefits of the Commission's earthquake awareness efforts.

In addition, receiving feedback from groups targeted by the Commission indicates the success of the Commission's awareness activities. This is done by surveying the Governor, the Legislature, state agencies, local governments, and professional organizations to determine if there is: 1) a use for the information the Commission distributes; 2) if they would like to continue receiving the information; or 3) if they have changed any of their behaviors. Reviewing the comments in the Commission's guest book on its web page, surveying the public (as was done in 2009 through the Research Program), helped to determine the public's awareness and readiness.

The Commission participates with CalEMA and the Earthquake Country Alliance in the annual *Great California Shakeout Drill*. This drill serves as an education/outreach measurement tool by counting and registering the public's participation in the drill held every third Thursday in October. The following table illustrates how earthquake awareness has increased over the last four years:

Drill Year	Number of Participants
2008	5.4 million
2009	6.9 million
2010	7.9 million
2011	8.6 million

Goal 4: Provide Leadership to Initiate, Develop and Coordinate Partnerships.

Performance Measure

The performance gauge of the Commission's efforts to initiate, develop and coordinate partnerships among organizations with complementary expertise and technological capabilities is the total number of partnerships formed as a result of the Commission's leadership and coordination efforts. The Commission works closely with decision makers, government agencies, professional organizations, educational institutions, and private sector to learn more about their goals, specific capabilities, and funding sources. The ongoing challenge is to identify organizations that have complementary goals and capabilities to facilitate the transfer of knowledge and the marriage of capabilities and funds among those organizations.

The use of the Research Fund (as described above) is the best example of how the Commission tries to solve problems cost-effectively through the use of partnerships

Goal 5: Provide Independent Seismic Safety Policy Level Reviews of Projects with Statewide Significance

Performance Measure

The Commission participates on an Independent Peer Review Panel (IPRP) responsible for the analysis of newly discovered geologic hazards on the Diablo Canyon Nuclear Power Plant. The IPRP will make recommendations to the California Public Utilities Commission (CPUC) and the Legislature.

The Commission annually reviews the San Francisco Public Utilities Commission's Water System Improvement Program and sends written comments to the Joint Legislative Audit Committee.

Risk Assessment of Programs

The Commission utilizes two main sources for monitoring and assessing programs, risks, accomplishments, and challenges. The *State's Multihazard Mitigation Plan* (maintained by CalEMA) which outlines the State's mitigation goals for all hazards, and the *Commission's Earthquake Loss Reduction Plan*, which supports the earthquake goals set forth in the *State Multihazard Mitigation Plan*. In addition, the Commission holds six Commission meetings each year to review and evaluate policies and programs that are identified within these two plans.

Each year, the Commission reviews its accomplishments, policies, and programs over the prior year. The results are included in its *Annual Report* that is submitted to the Governor and Legislature.

Within this report, the Commission also provides recommendations to improve the effectiveness of the policies and programs reviewed by the Commission. All of the recommendations support initiatives within the *California Earthquake Loss Reduction Plan* and the *State Multihazard Mitigation Plan*.

The Commission holds an annual workshop which provides an opportunity for commissioners, staff, and members of the public to discuss the Commission's overall programs, issues of concern, and areas that members of the public believe are important to be considered during the coming year. These ideas and goals are vetted as to their validity and appropriateness. Budget and resources are also considered.

Vulnerabilities Identified

Issue #1 – Funding Risk

Chapter 49, Statutes of 2006 (AB 1809, Committee on Budget), was language in a budget trailer bill that extended the Commission's support from the Insurance Fund from July 1, 2009 until July 1, 2012. Because support from this funding source is slated to end June 30, 2012, the Commission may face the challenge of closure. Commission programs could be suspended or eliminated until adequate resources are re-established.

Mitigation: (How the Commission plans to resolve the condition or reduce the risk)

The establishment of the Commission in 1975 was a clear indication that the public, Legislature, and the Governor, viewed seismic safety as a priority. Although no sunset date currently exists for the Commission, funding has always been renewed by the Governor and the Legislature.

The Commission submitted a Budget Change Proposal that requests continued support from the Insurance Fund. In the event the Commission is not in the Governor's budget for FY 2012/13, staff will work with the Administration and State and Consumer Services Agency to close the office, implement lay off procedures, and establish SROA lists.

Conclusion

Based upon continued assessment of risks, it was determined that the Commission has appropriate systems and processes in place to support its mission and vision, safeguard its reputation, and protect its integrity. However, the Commission does not have control of long-term funding. The Commission will continue to work with the Administration and the Legislature to assure its continued operations.

Status of Seismic Safety Commission Research and Assistance Fund
Appendix A

Projects Underway and Planned to be Completed in 2012

	Description	CSSC Funds	Amount Leveraged (Partner Contributions)	Contractor	Status
	Survey and Evaluations of Recent Hospital Evacuations Following Earthquakes in California, New Zealand, and Mexico	\$49,900	NZ Ministry of Health \$20,000 NSF Grant- \$50,000 Hospital Soft match \$1,200 (\$71,200)	PEER	Completion Date: February 2012
	Maximizing the Impact of Future ShakeOut earthquake Drills in California	\$49,900	Michele Wood \$43,800 SCEC \$34,080 RiskRed \$40,000 Deborah Glik \$15,000 (\$132,880)	CSUF	Completion Date: July 2012
	Lake Tahoe Hazard Survey	\$49,990 \$25,589	Northern Illinois University, \$50,000 California Geological Survey \$25,000 (\$75,000)	Northern Illinois University, California Geological Survey	Completion Date: July 2012
	CGS- Provide technical resources and produce reports.				
	Performance of Hospital Nonstructural Component and Systems to Earthquakes and Post-Earthquake Fire	\$300,000	Schindler Elevator Hilti Bolts Mason Industries HVAC Permasteelisa Cladding MMFX Others (\$344,280)	University of California San Diego	Completion Date: December 2012
	Coordinated Planning and Response for Fire Following Major Earthquake Phase II	\$49,000	Seismic Safety Commission Phase I (\$49,000)	PEER	Completion Date: December 2012

Completed Projects

Completed in 2011

Project Name	Description	CSSC Funds	Amount Leveraged (Partner Contributions)	Contractor	Status
Pilot program for Evaluation of the Most Seismically Vulnerable California Public School Facilities	Developing a workable template that provides a standard procedure for an efficient, effective, consistent, and standardized method for seismic evaluation of vulnerable public school buildings at a minimum cost.	\$250,000	OPSC \$250,000 <i>Assists in release of \$199 million in Prop 1D seismic retrofit funds</i>	Office of Public School Construction	Completed December 2011
Public Education through Public Television	Program for Public Television on how to take action to reduce injuries and damage from earthquakes	\$300,000	CEA \$250,000 CalEMA \$500,000 American Insurance Assoc. \$20,000 (\$770,000)	PBS Television	Completed December 2011

Completed in 2010

Project Name	Description	CSSC Funds	Amount Leveraged (Partner Contributions)	Contractor	Status
Distant Tsunami Risk to the Ports of Los Angeles/Long Beach Harbor	Estimated current velocities within the Ports of Los Angeles/Long Beach from multiple sources around the Pacific Basin.	\$50,000	NOAA \$350,000	National Oceanic and Atmospheric Admin./Univ. of Washington	Completed May 2010
California Earthquake Structural Retrofitting Program	Developed a building code for residential seismic retrofitting.	\$49,000	CA Dept of Housing & Community Development \$59,718	CA Dept of Housing and Community Development	Completed May 2010
Tall Buildings Initiative	Developed seismic performance objectives and alternative design acceptance criteria for future tall buildings.	\$349,872	CA Geological Survey/SMIP \$100,000 CA Governor's OES \$100,000 LA Dept of Building & Safety \$200,000 NSF through PEER \$500,000 USGS \$130,000 The Charles Pankow Foundation \$250,000 FEMA \$50,000 (\$1,330,000)	Pacific Earthquake Engineering Research Center	Completed December 2010

Completed in 2009

Project Name	Description	CSSC Funds	Amount Leveraged (Partner Contributions)	Contractor	Status
Household Preparedness Survey	Survey of the state of household earthquake mitigation and preparedness in 2008 for selected racial and ethnic minorities, and different geographical areas at high risk. Partnership with the OES, California Volunteers, Governor's Office Insurance Advisor, Office of Homeland Security, and the University of California at Los Angeles.	\$320,131	CalEMA \$350,000 Institute for Home & Business Safety \$35,000 , Southern California Association of Governments \$15,000 (\$400,000)	University of California, Los Angeles	Completed Spring 2009
Field Act Building Performance Study	Evaluated the differences in the earthquake performance of public schools constructed to Field Act standards and buildings constructed to non-Field Act standards.	\$277,785	\$0 No partnerships; requested by CSSC	San Jose State University	Completed October 2009

Completed in 2008

Project Name	Description	CSSC Funds	Amount Leveraged (Partner Contributions)	Contractor	Status
The Los Angeles Earthquake: Get Ready	Disseminated public information and outreach regarding earthquake preparedness activities for the Shakeout in collaboration with other expert advisors and project partners. Served as a "prototype" for the first Statewide Shakeout held on 10/15/09.	\$250,000	USGS, SCEC, CEA, And 31 other partners \$1,510,000	The Art Center College of Design	Completed December 2008
TOTAL		\$2,371,077	\$5,342,078		

Leveraged Funding Ratio: 2.3 to 1