

**HAWAII SECURITY SHUTTERS, INC****T.R. Bongartz****4309 Palahinu Place****Honolulu, Hawaii 96818****Phone (808) 422-0707****Fax(808) 422-1311****License #C-27694**

March 12, 2005

Testimony of T.R. Bongartz of Hawaii Security Shutters, Inc.**(PSM) House Committee on Public Safety and Military Affairs****Thursday, March 13, 2008. Room 309 8:30 am****RE: SENATE BILL 2783SD2 -- RELATING TO LOSS MITIGATION**

Chair Evans, Vice Chair Har, and Members:

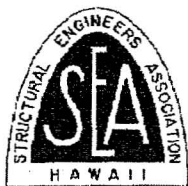
My name is T.R. Bongartz. I am a small business owner selling hurricane protection products for ten years in Hawaii. I am in very strong support of the Loss Mitigation Grant Program, Act 179, and therefore, I am strongly in favor to this legislation.

We need to revitalize and improve the present Grant Program in the following areas:

1. Advertise and Promote the program so that folks know there is an incentive for them to protect their homes and property. After all, its really their money from the Hurricane Relief Fund and you would be giving them a chance to recover some of it in order to protect their homes.
2. I concur with the incentive increase from the present 35% to 50% and the cap to \$5000 as the cost of protecting one's home keeps increasing. Consideration might also be given to increasing the Cap as the current average cost to protect the windows and doors of a **small single family** home is around \$12,000 with two story homes costing over \$17,000.

3. Make the present Grant Program more responsive to the public in the area of "approved products". At present, homeowners cannot obtain their Grant money as only about five products have been approved by Mr. Gary Chock, the contract engineer for DCCA. For example, I have spent over \$20,000 protecting the doors and windows on my home, but my application for the \$2100 grant was rejected as the products were not "pre-approved" by DCCA. Does DCCA really think that homeowners will spent such large sums of money to protect their homes on products that are not approved or rated as hurricane protection products? The fact of the matter is that the State of Florida has already approved hundreds of hurricane products that can be used to protect homes here in Hawaii. One simply has to go to www.floridabuilding.org to determine if a hurricane product has been approved, and that should be the only requirement needed for DCCA to approve the Grant Money.

Thank you for the opportunity to present this testimony



STRUCTURAL ENGINEERS ASSOCIATION OF HAWAII
P.O. Box 3348, Honolulu, Hawaii 96801

March 11, 2008

TO: State of Hawaii – House of Representatives
Committee on Public Safety and Military Affairs (PSM)
State Capitol, Conference Room 309

SUBJECT: **SB2783 SD2 - Relating to Loss Mitigation**
Hearing Date: Thursday, March 13, 2008, 8:30 AM.

ATTENTION: Chair Evans, Vice Chair Har, and Members of the House Committee on Public Safety & Military Affairs

The Structural Engineers Association of Hawaii (SEAOH) is the local chapter of the National Council of Structural Engineering Associations (NCSEA), with over 200 active members in Hawaii. The members of SEAOH have an historic and ongoing role in the development and implementation of building codes and criteria relating to seismic and hurricane resistant design of new structures and the retrofit of existing structures. Ian Robertson, President of SEAOH, has just completed a three year term as chair of the Hawaii State Earthquake Advisory Committee (HSEAC) of State Civil Defense, while Gary Chock, SEAOH past-president, is the chief technical author of the Wind Resistive Devices Technical Specifications for the Loss Mitigation Grant program administered by the Insurance Division of the Department of Commerce and Consumer Affairs.

SEAOH is in strong support of Senate Bill 2783 SD2, "Relating to Loss Mitigation". All buildings in Hawaii are subject to hurricanes, and most are potentially subject to moderate to severe seismic ground motion. The recent Kiholo Bay earthquake, which was well below the maximum anticipated intensity for Hawaii County, highlighted numerous weaknesses with existing residential construction in Hawaii. The adoption of the International Building Code in the State Building Code for application throughout Hawaii will go a long way to reducing these types of damage during future earthquakes. However, there is a large inventory of existing residential buildings in Hawaii, Maui and Honolulu Counties which were built under much older codes and do not have adequate seismic resistance. For many years, SEAOH has organized workshops, seminars, and technical publications intended to encourage homeowners to retrofit their homes for earthquakes and hurricanes. The Loss Mitigation Grant Program offering grants for installation of wind resistive devices has lead to an increase in the number of homes retrofitted for hurricanes, and the same would occur if earthquake resistive devices are added to this program as proposed in SB2783 SD2. In addition, most earthquake resistive devices will also enhance the hurricane performance of the building, thereby providing dual benefit for the homeowner.

The University of Hawaii Department of Civil and Environmental Engineering is currently involved in a research project funded by FEMA to develop seismic retrofit procedures for post-and-pier foundations, one of the residential construction systems most frequently damaged during the Kiholo Bay earthquake. Ian Robertson (SEAOH president) is principal investigator on this project, while Gary Chock (SEAOH past-president) is a Co-PI. Both HSEAC and SEAOH are providing review oversight for the project. The project objective is to develop engineered seismic retrofits for post-and-pier foundations that can be implemented by homeowners, or their contractor, in most cases without additional input from a design professional. The project final report, including proposed retrofit measures, will be available in Fall 2008, and those retrofit techniques could be incorporated into the criteria for earthquake resistive devices to be developed by the insurance commissioner under the provisions of SB2783 SD2.

Because of the likely costs of typical residential seismic retrofits, hurricane resistive safe rooms and window protection systems, **SEAOH strongly supports the proposed increase in the grant program to 50% of the cost of the retrofit with a maximum total reimbursement per dwelling of \$5,000.** This increase will serve as added incentive for homeowners to perform these retrofits. **SEAOH also strongly supports the appropriation of funds to advertise and promote the Loss Mitigation Grant Program through education and outreach activities.**

Thank you very much for an opportunity to express our strong support for this bill.
For the Structural Engineers Association of Hawaii:

Ian Robertson, P.E., Ph.D.
SEAOH 2008 President 956-6536

www.seaoh.org



**DEPARTMENT OF CIVIL AND ENVIRONMENTAL ENGINEERING
UNIVERSITY OF HAWAII AT MANOA**
2540 Dole Street, Holmes Hall 383, Honolulu, Hawaii 96822

March 11, 2008

TO: State of Hawaii – House of Representatives
Committee on Public Safety and Military Affairs (PSM)
State Capitol, Conference Room 309

SUBJECT: **SB2783 SD2 - Relating to Loss Mitigation**
Hearing Date: Thursday, March 13, 2008, 8:30 AM.

ATTENTION: Chair Evans, Vice Chair Har, and Members of the House Committee on Public Safety and Military Affairs

I am a professor of structural engineering in the department of civil and environmental engineering at the University of Hawaii at Manoa. I serve as principal investigator on a project funded by State Civil Defense to develop a hurricane saferoom test facility at the Diamond Head Civil Defense Operation center. I am submitting this testimony in my capacity as PI on this project, and as a private individual.

Because of my background in hazard mitigation research and preparedness, I am in strong support of SB 2783 SD2. In particular, I am offering this testimony in support of the appropriation of funds to support annual operation of the SCD/UH Hurricane Saferoom Test Facility.

The SCD/UH Hurricane Saferoom Test Facility will enable the testing of hurricane resistive saferooms, and window and door opening protection systems, when subjected to wind-borne debris and cyclic wind loading pressures. Similar test facilities have been developed at Texas Tech University, Louisiana State University and Florida. Design of the test facility is now complete and the various components are being ordered. The test equipment will be assembled and installed in an existing warehouse facility at SCD Diamond Head facility this summer.

Residential construction in Hawaii often differs significantly from that used in the rest of the US. A prime example is the use of single wall construction in older residential buildings. Hurricane protective systems that have been tested on double wall construction may not perform adequately when applied to windows and doors of single wall buildings, hence the need to test these systems here in Hawaii. Much of the research and development of saferooms in the US has focused on providing refuge from tornados when a basement is not available. In Hawaii, however, saferooms are needed for hurricane conditions, which will allow for somewhat more economical saferoom designs. These designs must be tested before they can be approved as part of the Loss Mitigation Grant Program. In addition, this test facility will encourage local innovation of improved saferoom and hurricane protective systems with the convenience of being able to verify performance locally rather than the expensive option of shipping test specimens to mainland test sites.

There is considerable interest from the local construction and material supply industry for testing of locally manufactured saferooms and hurricane protection systems. It is anticipated that after two years of operation the test facility will be self-sufficient based on revenue generated by its testing operations. However, for the first two years funding will be required to operate the facility for saferoom testing, single wall opening protection testing, educational and outreach activities. The facility will be used to inform the public about the need for hurricane saferooms and protective devices. It will also be used to promote the Loss Mitigation Grant Program, and to demonstrate the potential consequences of seeking protection from a hurricane in a home that does not have hurricane resistive devices.

The 2007 legislative appropriation of \$450,000 was for a one year period to cover the design, fabrication and installation of the test facility. Operation of the facility for the first year of testing is estimated at \$150,000 to cover salary and benefits for the research technician operating the facility, and funds for maintenance and repair of the equipment, and fabrication of test specimens. Funds are also included for certification of the test facility by the International Code Council (ICC) so that products tested at the facility will qualify for ICC certification. This is highly desirable so that these products can then be used throughout the USA, and not only in Hawaii.

As Principal Investigator of the SCD/UH hurricane saferoom test facility, I am in strong support of the SB2783 SD2 appropriation of \$150,000 for operation of the facility for the 2008-2009 fiscal year.

Thank you very much for this opportunity to express my support for this bill.



Ian Robertson, P.E., Ph.D.
Professor and Principal Investigator
956-6536

Testimony of Gerald Peters
and The Hawaii Lumber Products Association

(PSM) House Committee on Public Safety and Military Affairs

Thursday, March 13, 2008. Room 309 8:30 am

RE: SENATE BILL 2783SD2 -- RELATING TO LOSS MITIGATION

Chair Evans, Vice Chair Har, and Members:

My name is Gerald Peters. I am testifying in the **strongest possible support** of this legislation on behalf of (1) The Hawaii Lumber Products Association; (2) As the volunteer legislative co-ordinator for 13 years of the Loss Mitigation Ad Hoc Group of private sector, building industry associations, academia, and public sector individuals and organizations; (3) Myself as an individual. I run a Licensed General Engineering and General Contracting Corporation, with hurricane protection as one line of our several specialties, and also for four years have produced and co-hosted with Mike Buck on Clear Channel Broadcasting, KHVH, a weekly all island, live call in home improvement show.

This bill will re authorize and allow the Loss Mitigation Grant Program (LMGP) to continue, and be expanded to include earthquake loss mitigation, which engineers tell us will at the same time help hurricane and tropical storm wind resistance, particularly for our weakest & oldest houses. Importantly, the LMGP re authorization will give a fall back option to the thousands with paid off older, weaker houses who are dropping hurricane insurance due to costs up to \$2000 a year for hurricane only, an increase of 500% or more in 7 years via a chance to get access to their left behind hurricane relief fund money.

The LMGP authorization and appropriations were initiated by your Disaster Emergency Preparedness Act of 2005 (DEPA) (July 2, 2005 Override session) and the 3 year authorization is running out this coming June 30. LMGP is 30 months old, but half of that time was spent setting it up, and only two ads were run by the Ins. Division.

This SD2 addresses the weaknesses learned during the 31 months to date, including improved incentives for the public, the addition of earthquake/hurricane combination strengthening, and provision for a meaningful public awareness program in co-ordinator with the FEMA, State, and County sanctioned Hawaii Statewide Mitigation Forum, Chaired by Dr. Michael Hamnett, founding member of the Ad Hoc Group also.

This SD2 also includes continuing support for the Diamond Head Crater disaster preparedness devices – safe room testing facility. The testing facility is a joint venture of the UH School of Civil Engineering, State Civil Defense, and all the leading engineering and building associations and members. It was also authorized by your DEPA override. Future building and shelter safety devices, and the \$450,000 invested so far in the facility equipment will be wasted without this bill becoming law. Mahalo.

SIMPSON**SIMPSON STRONG-TIE® COMPANY, INC.***The World's "No Equal" Connector Company*808 Ahua Street, MB#85 • Honolulu, Hawaii 96819
Phone: 808.479.1216 • Fax: 808.941.9079

TM

**State of Hawaii – House of Representatives
Committee on Public Safety and Military Affairs (PSM)
State Capitol, Conference Room 309
Hearing Date: Thursday, March 13, 2008, 8:30 AM.
RE: SENATE BILL 2783SD2 – RELATING TO LOSS MITIGATION**

Testimony of Timothy J. Waite, P.E., Sales Engineer for the Simpson Strong-Tie Company

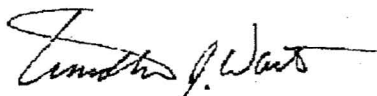
Attention: Chair Evans, Vice Chair Har, and Members of the House Committee on Public Safety & Military Affairs

I am Timothy Waite, Sales Engineer and Product Manager for the Simpson Strong-Tie Company. Simpson Strong-Tie is an \$863 million sales international manufacturing company specializing in hurricane and earthquake devices. Simpson Strong-Tie Company has manufactured wood-to-wood and wood-to-concrete connectors since 1956. Our company is recognized by architects, engineers and homebuilders as the leading manufacturer of structural connectors. My responsibilities include Hawaii and the South Pacific.

My company is in **strong support** of Senate Bill 2783SD2, "Relating to Loss Mitigation" with amendments (see attached). This program is very important to the people of Hawaii providing them assistance to retrofit their homes in the absence of adequate emergency shelters in a future hurricane or seismic event. The Loss Mitigation Grant Program is only in its beginning stages after years of development and needs to be given the proper opportunity for the public to participate. Loss mitigation is seen throughout the world as a long term, sustained challenge because citizens' interest rises and falls based on the news of storms and earthquakes.

We consider this an excellent bill for building the program momentum and, in particular, for adding the availability of earthquake mitigation devices as an eligible item for the grants. The Loss Mitigation Grant Program provided the impetus for our company to invest valuable engineering and lab time to develop these new connectors. By building upon this program our company will be encouraged to continue product development and work closely with the UH Civil Engineering Department, State Civil Defense, and the structural engineering community to provide cost effective retrofit solutions for the people of Hawaii, including safe rooms. Simpson Strong-Tie also strongly supports the appropriation of funds to advertise and promote the Loss Mitigation Grant Program through education and outreach activities.

Thank you for the opportunity to provide our comments.



House Committee on Public Safety and Military Affairs
March 13, 2008 8:30 am, Room 309
Testimony offered by Michael P. Hamnett

SENATE BILL 2783 SD2-- RELATING TO LOSS MITIGATION

Chair Evans, Vice Chair Har, and Members

My name is Michael Hamnett. I am Executive Director of the Research Corporation of the University of Hawaii, a researcher in Social Science Research Institute at the University of Hawaii, and chair of the Statewide Hazard Mitigation Forum. However, I am testifying on my own behalf.

I strongly support SB 2783SD2 because it reauthorizes funding for incentives to homeowners to harden their homes against disaster damage. It expands the scope of the program to include earthquake mitigation, which will enhance resistance to hurricane winds. It also provides public support to reduce the risk of another catastrophic disaster loss and another insurance crisis like the one experienced following Hurricane Iniki.

The bill recognizes and addresses the need to increase the level of support provided to homeowners through the matching grant program. This should enhance participation in the program if coupled with a very aggressive public education and awareness campaign conducted by the Insurance Division. The appropriation authorized through this bill should include adequate funds for such an effort and funds to staff the program with at least one position tied to funding for the mitigation grant program.

Funds authorized through this legislation should be allocated for operating money for the hurricane protective devices testing facility, as a joint venture between State Civil Defense and the University of Hawaii and previously funded by the legislature. Such a facility is necessary to test wind resistive devices and earthquake mitigation measures unique to Hawaii.

Thank you for the opportunity to provide our testimony.

Michael P. Hamnett

TO THE HOUSE COMMITTEE ON
PUBLIC SAFETY & MILITARY AFFAIRS

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, March 13, 2008
8:30 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON SENATE BILL NO. 2783, SD 2 – RELATING TO LOSS
MITIGATION.**

TO THE HONORABLE CINDY EVANS, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Lloyd Lim. I take no position on this bill, but I wish to offer some comments as a concerned citizen. Although I work for State government, I am testifying solely in my capacity as a private citizen and not in any official capacity.

The loss mitigation grant program sets a disturbing precedent for government programs. First, it gives money away to people to buy things. Second, it gives some private businesses a price subsidy for their products and services. Both of these would make for a bad and impractical general rule, and therefore they may not be good policy. It used to be that people were willing to stand on their own two feet and all they asked for from government was a level playing field. Apparently, those days are behind us. The grant program puts us a step further down a slippery slope towards an untenable policy position. It started with the tax credit for solar water heaters, then became the hurricane retrofit grant program, and now we heading off to do earthquake mitigation grants. What is next? The grant program is like drinking soda. It tastes good, but it really isn't good for you. So what should we do about mitigation? Perhaps we should leave it to the market to determine the appropriate allocation of resources.

The Committee should also note that with the exception of the residential safe room, the mitigation devices contemplated by this grant program are for property loss reduction, not life safety purposes. As to the residential safe room, at a cost of \$25K to \$30K to build, it is out of the reach of most members of the public, particularly those with less money.

Thank you for the opportunity to submit testimony to the Committee.



LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
PUBLIC SAFETY & MILITARY AFFAIRS

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, March 13, 2008
8:30 a.m.

**TESTIMONY ON SENATE BILL NO. 2783, S.D. 2 – RELATING TO LOSS
MITIGATION**

TO THE HONORABLE CINDY EVANS, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department opposes this bill.

First, the loss mitigation grant fund has been funded from the principal of the Hawaii Hurricane Relief Fund (HHRF) which was set up to assist citizens in the event of a hurricane. Earthquake mitigation has a different purpose and therefore moneys from HHRF should not be used to fund it. While we would not necessarily oppose a tax credit for earthquake loss mitigation, such a program should be funded from either the general fund or another source but not HHRF moneys. Also, to be clear, putting earthquake mitigation aside, we oppose use of HHRF principal for the loss mitigation grant program as it pertains to hurricane mitigation. HHRF principal is needed to pay the claims of its future policyholders. HHRF is already transferring about \$6 million

dollars a year in earned interest to the general fund and these moneys could be used to fund hurricane mitigation.

Second, the Department believes that continuing the existing loss mitigation grant program is a step in the wrong direction. The Administration has proposed SB 3013 to replace the loss mitigation grant program with a hurricane retrofit tax credit. We think the tax credit concept is superior because the present money grant isn't providing a sufficient incentive to homeowners or is too cumbersome for easy use. Since the public is more familiar with the tax credit concept and would be able to claim this credit as part of their tax return, we believe that changing the grant program to a tax credit program would make obtaining the benefit easier and thereby achieve the ultimate goal of increased mitigation. For your information, the loss mitigation grant program has awarded 271 grants for a total payout of \$388,259 from September 1, 2006 to February 1, 2008. It should be noted that the Department has undertaken significant efforts to promote the loss mitigation grant program. These include newspaper advertisements and articles, interviews on television, radio promotion, public education events conducted with the Structural Engineers Association of Hawaii and the Building Industry Association, a flyer distributed to customers by Zephyr and HECO, a payroll stub announcement to State workers, a letter to over 3,000 licensed contractors, and co-sponsoring of a handbook on disaster preparedness and loss mitigation techniques. These are in addition to promotional efforts undertaken by the private sector. Thus, we think the program has been well promoted.

Third, we note that there is an ongoing study of earthquake mitigation techniques being conducted by FEMA and the University of Hawaii. This study is due out in the summer of 2008. Until this study is done, we cannot comment on the feasibility or cost-effectiveness of a government earthquake mitigation program. Earthquake mitigation techniques for Hawaii construction are not self-evident. It would be more prudent for the Legislature to wait until this study is completed so that it can be evaluated and any

legislation introduced be based upon its findings, including estimates on what might constitute an appropriate cap amount for assistance.

Finally, we are skeptical that a wind tunnel can be justified as a spending priority in these tight fiscal times. We are concerned that there might be only intermittent use of a wind tunnel and that this would not justify or recoup the initial expense.

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be modified.

House Committee on Public Safety and Military Affairs
March 13, 2008 8:30 am, Room 309
Testimony offered by Michael P. Hamnett

SENATE BILL 2783 SD2-- RELATING TO LOSS MITIGATION

Chair Evans, Vice Chair Har, and Members

My name is Michael Hamnett. I am Executive Director of the Research Corporation of the University of Hawaii, a researcher in Social Science Research Institute at the University of Hawaii, and chair of the Statewide Hazard Mitigation Forum. However, I am testifying on my own behalf.

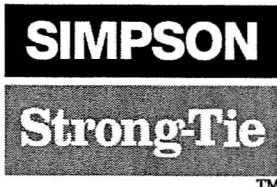
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The bill recognizes and addresses the need to increase the level of support provided to homeowners through the matching grant program. This should enhance participation in the program if coupled with a very aggressive public education and awareness campaign conducted by the Insurance Division. The appropriation authorized through this bill should include adequate funds for such an effort and funds to staff the program with at least one position tied to funding for the mitigation grant program.

Funds authorized through this legislation should be allocated for operating money for the hurricane protective devices testing facility, as a joint venture between State Civil Defense and the University of Hawaii and previously funded by the legislature. Such a facility is necessary to test wind resistive devices and earthquake mitigation measures unique to Hawaii.

Thank you for the opportunity to provide our testimony.

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Hearing Date: Thursday, March 13, 2008, 8:30 AM.
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Thank you for the opportunity to provide our comments.

A handwritten signature in black ink, appearing to read "Timothy J. Waite".

March 13, 2008

The Honorable Cindy Evans, Chair
House Committee on Public Safety & Military Affairs
State Capitol, Room 309
Honolulu, Hawaii 96813

RE: S.B. 2783, SD2, Relating to Loss Mitigation
Hearing Date: Thursday, March 13, 2008 @ 8:30 a.m., Room 309

HAR strongly opposes Section 6 of S.B. 2783, SD2 which appropriates a blank dollar amount out of the Hurricane Reserve Trust Fund for deposit into the Loss Mitigation Grant Fund.

S.B. 706 was signed into law as Act 179, SLH 2002 which: 1) appropriated \$29 million from the Hurricane Reserve Trust Fund into the General Fund; 2) transferred all interest earned on principal in the Hurricane Reserve Trust Fund to the General Fund each year; and 3) established a pilot loss mitigation grant program to provide grants for installation of wind-resistive devices.

Since then, an additional \$4 million from the Hurricane Reserve Trust Fund was appropriated to finance tsunami preparedness efforts and another \$4 million to the Loss Mitigation Grant Program from the Hurricane Reserve Trust Fund.

The Legislature already requires the annual transfer of interest from the Hurricane Reserve Trust Fund to the general fund. This presently amounts to about \$6 million per year and is more than enough to pay for loss mitigation programs.

The principal balance of the Hurricane Reserve Trust Fund is static and is not appreciating in principal and interest. Additional efforts to appropriate money from the Hurricane Reserve Trust Fund would permanently reduce the reinsurance mechanism designed to provide insurance coverage to homeowners when the next hurricane hits the islands.

Thank you for the opportunity to submit testimony.