

# SB 683

**Report Title:**

RELATING TO PUBLIC IMPROVEMENTS

**Measure Title:**

Creates the state building code special fund into which is deposited one quarter of one per cent of all state fund appropriations for capital improvement projects designated for the construction management cost element. Makes appropriation from the hurricane relief fund for deposit into the state building code special fund. Clarifies authority of Hurricane relief fund to make the appropriation.

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL  
AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 683

February 7, 2013

RELATING TO PUBLIC IMPROVEMENTS

Senate Bill No. 683 creates the State Building Code Special Fund (Special Fund) into which is deposited one quarter of one per cent of all State fund appropriations for Capital Improvement Program (CIP) projects designated for the construction management cost element; makes an appropriation of \$125,000 from the Hurricane Relief Fund (HRTF) in FY 14 to capitalize the Special Fund; and makes an appropriation of \$125,000 in special funds to support the operating functions of the State Building Code Council (SBCC).

The Department of Budget and Finance opposes this bill because the HRTF serves as a defacto State fiscal reserve for times of unforeseen economic downturns and natural disasters and should not be used to support operational expenditures of State programs. Further, we strongly believe it is not appropriate to fund the Special Fund with general obligation (G.O.) bond proceeds which would be repaid over a 20-year period. The use of G.O. bond proceeds to fund operational costs could also jeopardize the tax exempt status of G.O. bonds issued by the State.

Finally, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of

Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should:

1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 683, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the proposed source of revenues will be self-sustaining.



STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
[www.hawaii.gov/labor](http://www.hawaii.gov/labor)  
Phone: (808) 586-8842 / Fax: (808) 586-9099  
Email: [dhir.director@hawaii.gov](mailto:dhir.director@hawaii.gov)

February 5, 2013

The Honorable Will Espero, Chair  
Committee on Public Safety, Intergovernmental, and Military Affairs  
The State Senate  
State Capitol, Room 231  
Honolulu, Hawaii 96813

Dear Chair Espero:

Subject: S.B. 683 Relating to Public Improvements

I am Robert Westerman, Vice Chair of the State Fire Council (SFC) and Fire Chief of the Kauai Fire Department (KFD). The SFC and the KFD support S.B. 683, which seeks to create a special fund to be used for the activities of the State Building Code Council (SBCC) described in Hawaii Revised Statutes (HRS) 107-24. The SFC has been a voting member of the SBCC since its inception in 2007.

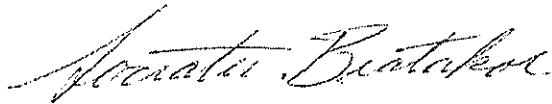
The SBCC, which is administratively attached to the State Department of Accounting and General Services (DAGS), has operated without a statutorily designated executive director and an executive assistant to assist it in duties. The duties include establishing a comprehensive suite of the most current national codes and standards for the statewide application of the built environment. Previous to its creation, each county adopted ordinances that comprised of codes and standards for its jurisdiction. Consequently, each county had different editions of the building codes that created challenges for designers and builders.

Without an executive director and an executive assistant the DAGS facilitated the operation of the SBCC with its existing resources and budget. The DAGS eventually limited its support of the SBCC in 2011. The SBCC has primarily operated on the good will of county and private industry members. This bill seeks to create a funding mechanism to support the functions of the SBCC and continue the uniform administration and enforcement of the latest building codes and standards at the state and county levels. This will benefit private and public entities to design and build to the most up-to-date life safety codes and standards.

The Honorable Will Espero, Chair  
Page 2  
February 5, 2013

Should you have any questions, please contact SFC Administrator Socrates Bratakos at 723-7151 or [sbratakos@honolulu.gov](mailto:sbratakos@honolulu.gov).

Sincerely,



ROBERT WESTERMAN  
Chair

RW/LR:cc



February 6, 2013

The Honorable Will Espero, Chairman  
Senate Committee on Public Safety, Intergovernmental & Military Affairs  
State Capitol, Room 231  
Honolulu, Hawaii 96813

RE: Testimony on SB 683 - Relating to State Building Code Fund

Dear Chairman Espero and Committee Members:

The International Code Council is a 50,000 member, non-profit public benefit corporation dedicated to helping the building safety community and construction industry provide safe, sustainable and affordable construction through the development of codes and standards used in the design, build and compliance process.

The International Code Council supports the principal goal of SB 683. The bill seeks to establish a stable funding mechanism so the Hawaii State Building Code Council (SBCC) can carry out its duty, which is to create, maintain and periodically update building codes to best serve the interests of the State of Hawaii and its citizens. Having a consistent and reliable funding source will allow the state to ensure there are current uniform and safe building construction requirements adequate to protect the fire and life-safety and health of building occupants. Keeping current with national safety and building code trends create regulatory predictability which results in a more positive business climate and healthy economic development and growth.

Thank you for the opportunity to provide testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Kraig Stevenson", is written over a light green horizontal highlight.

Kraig Stevenson, CBO  
ICC Government Relations  
2122 112<sup>th</sup> Ave. NE, Suite C  
Bellevue, WA 98004  
[kstevenson@iccsafe.org](mailto:kstevenson@iccsafe.org)  
562-201-9209



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

February 5, 2013

TO: The Senate  
Committee on Public Safety, Government Operations, and Military Affairs FAX 586-6659  
Senator Will Espero, Chair; Senator Rosalyn H. Baker, Vice Chair

SUBJECT: **Senate Bill 683 Relating to the Public Improvements**  
Hearing February 7, 2013 3:00 pm Conference Room 224

Honorable Members of the Committee:

The Structural Engineers Association of Hawaii (SEAOH) is the local chapter of the National Council of Structural Engineering Associations (NCSEA), and we have over 200 active members in Hawaii. SEAOH has a historic role spanning several decades in assisting Hawaii with the development of the technical portions of the building codes.

Background: In 2007, HRS 107 Part II, State Building Code and Design Standards, established a process that incorporates consideration of the environmental and natural hazards of Hawaii. Local state amendments to the building code have been developed within the Hawaii State Building Code Council as prescribed by State Law HRS 107 Part II. The existing law permits the counties to make modifications to design and construction requirements in the local county building code to be adopted within a two-year deadline after the approval of the statewide code. However, by requiring the Hawaii State Building Code to be the basis for the local code, and given that all four county building officials must unanimously agree to any provisions in the Hawaii State Building Code, unnecessary divergences between the building code adopted by the counties are avoided. Building officials now have at least three years of notification of the approval the Council has given to any new code provision.

**We support Senate Bill 683:**

1. The present State Building Code Council has been very effective at establishing a comprehensive suite of codes applicable to all construction in the state of Hawaii. This State Building Code has then been adopted by all four counties. This process has successfully enabled a unified set of nearly comprehensive building codes to be adopted by the state and the counties for the first time ever since statehood.
2. However, there has been a dire lack of funding support for the Council and formal adoption process requiring Hawaii Administrative Rules. No funding has been appropriated for the State Building Code since 2007. Furthermore, very little of the original appropriation was ever released by the prior Administration and these funds have since lapsed. As a result, the Hawaii State Code Administrative Rules have been indefinitely frozen in the 2006 version despite the fact that the Council has developed the 2009 version and begun work on the 2012 State Building Codes, many of which incorporate energy efficient designs and include lessons learned on more economical and better policies for public safety. This impending obsolescence will lead to greater problems and confusion in the future.
3. We therefore support the funding stream generated by this bill to facilitate the critical State Building Code development process.

Gary Chock, S.E.

Ian Robertson, Ph.D., S.E.

SEAOH Legislative Committee

## 2AMERICAN INSTITUTE OF ARCHITECTS

PSM  
3:00 pm

February 7, 2013

Honorable Will Espero, Chair  
Senate Committee Public Safety, Intergovernmental & Military Affairs

Re: **Senate Bill 683**  
**Relating to Public Improvements**

Dear Chair Espero and Members of the Committee,

My name is Daniel Chun, Government Affairs Chair of the American Institute of Architects (AIA) Hawaii State Council. AIA is in **STRONG SUPPORT** of a bill that provides long-term funding to operate the State Building Code Council.

AIA was one of the parties on the legislative task force that investigated creation of a state building code. We worked closely with the Senate and the House to craft and pass the original statute. We have a voting member on the SBCC and participate in the monthly meetings.

So it is with frustration that we see the SBCC like a "building not yet completed" because it lacks adequate funding. Our understanding is that the state administration did not release even the original appropriation from the Hawaii Hurricane Relief Fund. Hence the DAGS has cooperatively supported, as best it can, the SBCC using other resources.

There is a strong connection between the state building code and the proposed dedication of some small percentage of CIP funds. The code is the standard setting for state-funded building construction. Standard setting for buildings is the historic function of the DAGS.

### **DCAB operations are funded by CIP funds**

We have the precedent set during the 2012 session where the DCAB or Disabilities & Communications Access Board is now allowed to charge a % of construction cost review fee on state-funded buildings to pay for its staffing and operations. While the building accessibility mission of DCAB is clearly related to state CIP, where is the nexus to communications access? In the state of Oregon, its equivalent of DCAB is attached to the Oregon State Building Code Council under their DCCA.



## **HRS 107-1.5 CIP project assessment fund**

If the current text of SB 683 arouses the interest of bondholders and other concerned parties, we ask that you consider the current HRS 107-1.5 Project assessment fund managed by the DAGS. This immediately precedes the SBCC in the Hawaii Revised Statutes. HRS 107-1.5 allows the DAGS to assess public works projects for the cost of project managing and other supportive activities. The assessment is a logarithmic curve set by the DAGS comptroller. AIA is confident that the DAGS is an experienced manager of public works, so perhaps a "**bright light reference**" to the state building code within the text of HRS 107-1.5 might provide funding for the SBCC.

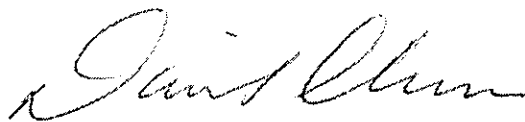
AIA notes that the current language of SB 683 refers to "buildings." Logic suggests that this does not include highways and other "horizontal construction." Some detractors of SB 683 express concern that a CIP percent set-aside generates too large of a special fund. Our experience is that the governor does not always release every appropriation. And the intent is to dedicate funds from buildings (vertical construction) and not all CIP projects.

We imagine that the comptroller might also assess differing rates by agency or building type, provided that there was adequate funding for the SBCC.

While we are talking "imagination." Perhaps the SBCC can issue "state building permits" if the state-funded project does not impact county infrastructure and meets certain "rules" set by SBCC in the administrative chapter I of the state building code. We frequently see stimulus bills that want to "exempt" projects from county building permits.

## **Pass interim funding as a minimum in the 2013 session**

As a minimum AIA requests that you pass the appropriation from the Hawaii Hurricane Relief Fund, perhaps authorizing a few years' authority until a more permanent funding for SBCC can be heard and approved by this Committee and legislature. Thank you for this opportunity to **STRONGLY SUPPORT** SB 683.





AMERICAN COUNCIL OF ENGINEERING COMPANIES  
of Hawaii

**President**

Terrance Arashiro, P.E.  
Austin, Tsutsumi & Assoc.  
Ph: (808) 533-3646

**President-Elect**

Beverly Ishii-Nakayama, P.E.  
Shigemura, Lau, Sakanashi,  
Higuchi & Assoc.  
Ph: (808) 942-9100

**Treasurer**

William H.Q. Bow, P.E.  
Bow Engineering  
Ph: (808)941-8853

**Secretary**

Robin Lim, P.E.  
Geolabs  
Ph: (808) 841-5064

**Past President**

Douglas Lee, P.E.  
Brown and Caldwell  
Ph: (808) 523-8499

**National Director**

John Katahira, P.E.  
The Lintiac Consulting Group  
Ph: (808) 596-7790

**Directors**

Joel Yuen, P.E.  
InSynergy Engineering  
Ph: (808) 521-3773

Jeffrey K. Kalani, P.E.  
Yogi Kwong Engineers, LLC  
Ph: (808) 942-0001

Corey Matsuoka, P.E.  
SSFM International, Inc.  
Ph: (808) 531-1308

Ginny M. Wright  
Executive Director  
P.O. Box 88840  
Honolulu, HI 96830  
Ph: (808) 234-0821  
Cell: (808) 741-4772  
Fx: (808) 234-1721  
Email: [gwright@acechawaii.org](mailto:gwright@acechawaii.org)  
Website: [www.acechawaii.org](http://www.acechawaii.org)

February 6, 2012

**Senate Committee on Public Safety, Intergovernmental and Military Affairs**  
**Hearing Date: Thursday, February 7, 3:00 p.m., Conference Room 224**

Honorable Senators Will Espero, Chair; Rosalyn H. Baker, Vice Chair; and Members of the Senate Committee on Public Safety, Intergovernmental and Military Affairs:

Subject: **SB 683, Relating to Public Improvements**  
**TESTIMONY in SUPPORT**

Dear Chair Espero, Vice Chair Baker, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents almost 70 member firms with over 1,300 employees throughout Hawaii. ACECH has been in favor of a state-wide building code as it enhances public safety and should reduce construction costs by providing a uniform code applicable construction projects in any county. We have supported the concept of the State Building Code Council to recommend changes to and advocate for the implementation of the statewide code.

ACECH feels strongly that the State Building Code Council needs funding to support its operations. Therefore, we are in support of the intent of this bill.

We appreciate the opportunity to provide testimony on this matter. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

**Terrance Arashiro, P.E.**  
**President**

# **BIA-HAWAII**

**BUILDING INDUSTRY ASSOCIATION**

*"Building Better Communities"*

## **2013 Officers**

---

### **President**

**Greg Thielen**  
Complete Construction Services Corp.

### **President-Elect**

**Brian Adachi**  
BKA Builders, Inc.

### **Vice President**

**Sunny Walsh**  
Hunt Building Company, Ltd.

### **Treasurer**

**Guy J. Shindo**  
First Hawaiian Bank

### **Secretary**

**Richard Hobson, Jr.**  
Gentry Homes, Ltd.

### **Special Appointee-BUILDER**

**Paul D. Silen**  
Hawaiian Dredging Construction Co., Inc.

### **Special Appointee-Associate**

**Craig Washofsky**  
Servco Home & Appliance Distribution

### **Immediate Past President**

**Dean I. Asahina**  
Universal Construction, Inc.

### **Chief Executive Officer**

**Karen T. Nakamura**  
BIA-Hawaii

## **2013 Directors**

---

### **Anthony Borge**

RMA Sales

### **Clifton Crawford**

C&J Contracting, Inc.

### **David S. Chang**

Chang Holding Company

### **Dean Uchida**

SSFM International, Inc.

### **Evan Fujimoto**

Graham Builders, Inc.

### **Gary T. Okimoto**

Honolulu Wood Treating

### **Mark Kennedy**

HASEKO Construction Kamakana, LLC

### **Marshall Hickox**

Homeworks Construction, Inc.

### **Michael Watanabe**

JW, Inc.

### **Ryan Engle**

Bays Lung Rose & Holma

### **Scotty Anderson**

Pacific Rim Partners

### **W. Bruce Barrett**

Castle & Cooke Homes Hawaii, Inc.

## **Testimony to the Senate Committee on Public Safety, Intergovernmental and Military Affairs**

**Thursday, February 7, 2013**

**3:00 p.m.**

**State Capitol - Conference Room 224**

### **RE: S.B. 683, RELATING TO PUBLIC IMPROVEMENTS**

Chair Espero, Vice-Chair Baker, and members of the committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the voice of the construction industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, affiliated with the National Association of Home Builders.

BIA-Hawaii offers comments on S.B. 683, which creates the state building code special fund into which is deposited one quarter of one per cent of all state fund appropriations for capital improvement projects designated for the construction management cost element. Makes appropriation from the hurricane relief fund for deposit into the state building code special fund. Clarifies authority of Hurricane relief fund to make the appropriation.

We recommend that the bill include a cap on the amount of moneys to be generated from state fund appropriations for capital improvements for state buildings and used to fund the activities of the State Building Code Council. A proposed budget would be helpful in determining what this cap should be.

Thank you for the opportunity to express to you our views on S.B. 683.