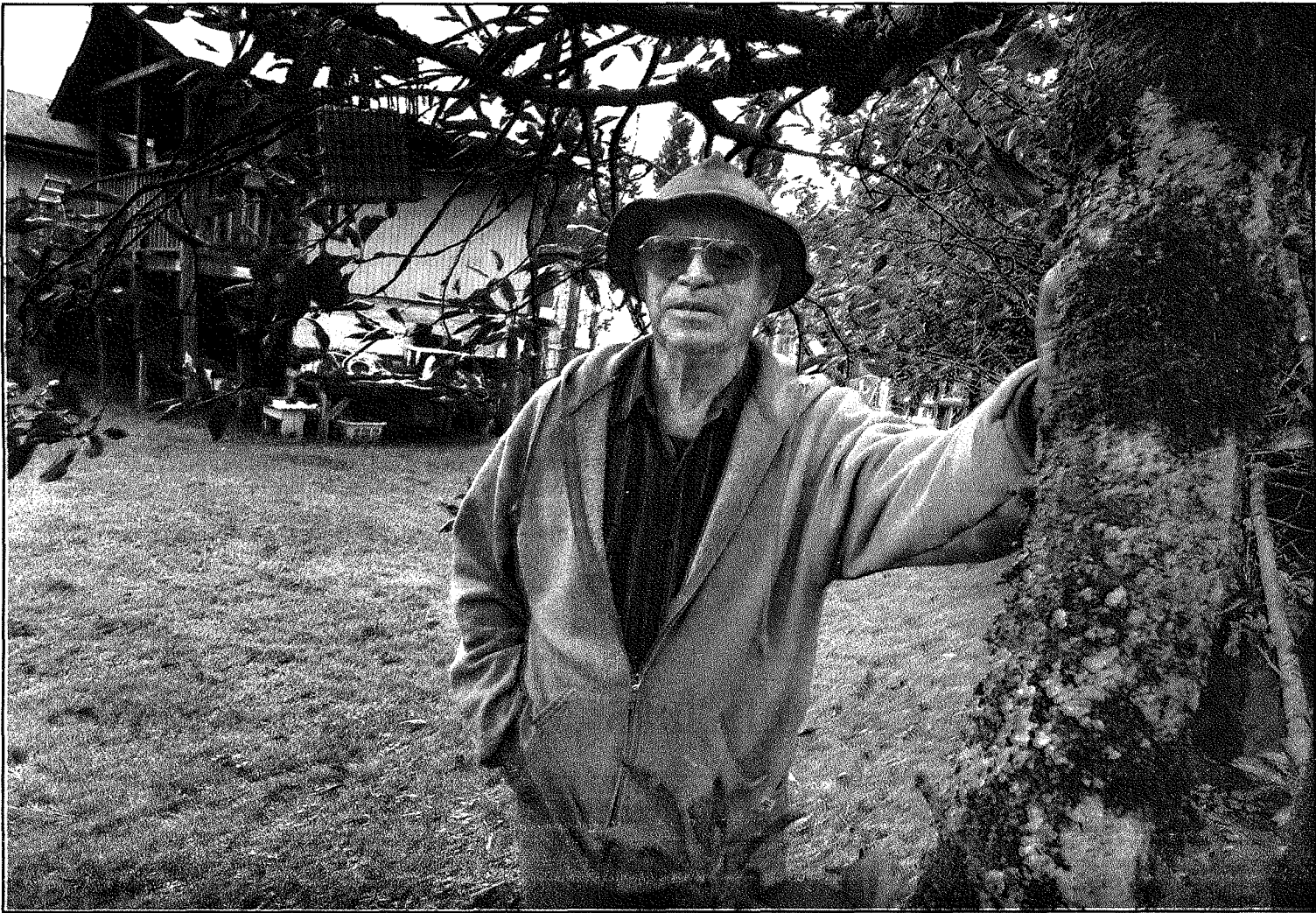


THE SKAGIT RIVER STORY ♦ A SPECIAL REPORT

Keeping Hamilton afloat



Scott Terrell / Skagit Valley Herald

Hamilton resident **Bud Cook** was one of the few Hamilton residents who turned down federal compensation for minor damage to his home.

Flood insurance, disaster aid help little river town survive

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Staff Writers

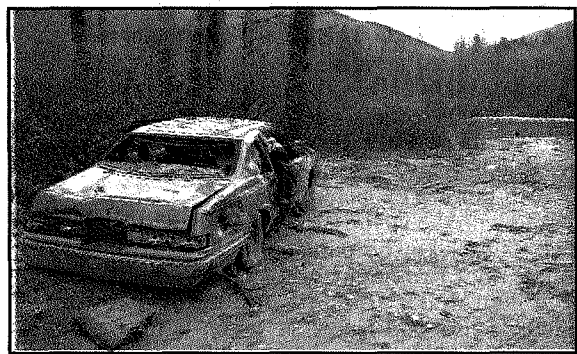
HAMILTON — It could be said that this tiny hamlet on the low-lying north bank of the Skagit River owes its continued existence largely to federal disaster aid and flood insurance.

Many of the more than 300 residents of Hamilton have come into contact with a branch of the Federal Emergency Management Administration (FEMA) with the unassuming title of "Mitigation Division."

That's the office that oversees both the National Flood Insurance Program and FEMA's disaster aid efforts. It was the insurance program that saved some Hamilton residents from serious loss from the October 2003 flood, eventually paying out nearly \$1 million in claims.

It kept Rick Roetcisoender's finances intact after two of his five Hamilton properties badly damaged during the 2003 flood that inundated the town. But his policy covered his losses and even put some extra cash in his pockets.

Some homeowners and renters without insurance could avail themselves of FEMA aid programs.



■ The Skagit River loses its wild character as it enters areas of heavy population.

However, homeowners who got emergency finance aid can't expect to receive it again unless they buy into the flood insurance program.

"Disaster money just doesn't come close to covering damages for most people," said Mark Carey, a supervisor for the National Flood Insurance Program. "That's why it's so important that people get flood insurance."

The insurance program is a pool that's financed

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River: Insurance program obligated to make payout, not track repairs

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through annual premiums. The pool is self-sustaining for typical flooding. But it can borrow from the U.S. Treasury when an unusually widespread flood causes damages that exceed the pool's resources.

At an average yearly premium of \$564 for Hamilton policies, it can be a bargain for homeowners like Roetcisoender.

His properties were among 44 in the town covered by the national insurance program, which paid about \$1 million in claims by Hamilton property owners in the wake of the 2003 flood.

Roetcisoender considers himself lucky — he survived the 2003 flood with his home, four rental properties and his finances intact. In fact, he may have come out ahead by doing much of the repair work on the two damaged homes himself.

After the flood, insurance adjusters sent Roetcisoender a check for \$20,000 to make repairs on one home. Instead of hiring a contractor, he said he made many of the repairs himself, saving about \$15,000.

He said his largest house cost him \$7,000 to fix and the claims adjuster sent him a check for \$35,000.

"I hired a couple of local guys," said Roetcisoender, who has since sold all of his Hamilton properties and moved to Clark County.

FEMA doesn't check repairs

This is perfectly legal and allowed under terms of the insurance policy. The only requirement is that all the work specified by the adjuster is completed. However, there is no followup to see that the repairs are made.

"We expect the home to be repaired," said Ryan Ike, flood plain management specialist with FEMA. "The program does not go through and do any policing action."

That's because the national insurance program is only obligated to make the payout, not track repairs, said Mike Howard, a FEMA spokesman.

But anyone making a new claim after another flooding incident might have trouble collecting on his insurance if he had not completed the repairs from the previous event.

Howard said it would be up to an

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■ The Skagit River enters civilization as it passes through Sedro-Woolley.

insurance adjuster to spot unmade repairs from a previous loss.

"The adjusters are pretty savvy, but who knows what evil lurks in the hearts of mortal man," Howard said.

Although talk of misuse of FEMA aid has circulated in Hamilton for



Bates

months, no clear evidence of fraud has been reported. But Mayor Tim Bates, who has lived in the town for decades, believes that some has occurred.

Some people take the disaster money meant to replace damaged floors, carpets and walls and

decide to do nothing to fix up their homes, he said, without naming names.

"Some of these folks, they have a lot of money and haven't done diddly-squat to their place," Bates said, while selling groceries at his business, the Hamilton Market. "They just washed the mud out and it looks the same as it did before."

Charlie Henderson, another FEMA spokesman, said federal agents are trained to spot fraud and evaluate each case carefully before dispatching money. But he said agents can't catch every instance — the agency just doesn't have the resources.

Focus is on helping, not policing

"It's something that we serve the public better to deploy our resources, rather than running around and doing checks on how that money was spent," Henderson said.

During the past 14 years, FEMA has provided Hamilton residents with about \$1.86 million in disaster assistance for temporary housing, home repairs, crisis counseling, transportation and loss of furniture and other belongings.

FEMA provides emergency disaster help through its individual and household assistance program.

The program offers temporary

housing, money for emergency repairs and help to replace a destroyed home.

Those programs are set up to help the insured and uninsured. Only about half of the homeowners in Hamilton carry flood insurance.

The temporary housing program covers stays in motels and can help pay a month's rent.

FEMA also provides up to \$5,200 to help homeowners make emergency repairs, including replacing drenched floors, walls, carpeting and getting rid of mold.

If homeowners are uninsured and need more money for repairs or to raise their homes, they are referred to the federal Small Business Administration (SBA) for a low-interest federal loan.

The cap on FEMA disaster assistance and grants is \$26,200.

All requests for FEMA help are evaluated by a field agent, who visits claimants' homes and verifies the damage and losses within a few days.

"If things (furniture, etc.) aren't visible and there's suspected fraud, then we can talk with the neighbors and landlord to verify the loss," Rave said.

Much of the time, money comes within a few days of approval. But FEMA agents can — and do — write checks for damages on the spot, Rave said.

But federal agents don't scrutinize the use of the money. Once the checks are written, anything goes, Mayor Bates said.

"I don't think FEMA has a system set up yet where they come back and see if you've done what you were supposed to do," Bates said.

The SBA requires people to send in receipts accounting for the money they've borrowed. Much of that money is spent to help people pay for raising their homes above flood levels, rebuilding, and replacing lost furniture and other goods.

One man turns down aid

One Hamilton resident who didn't line up for FEMA money was Bud Cook. He was offered the chance to collect on the minimal damage his home sustained in the 2003 flood, but turned it down.

Cook, whose elevated home on the corner of Cumberland and Maple

streets has flood insurance, said the water rose to his porch and lapped at his front door.

Cook said a FEMA official stopped by after the flood and offered him money. But Cook said he didn't think he needed any cash to deal with a dirty porch and a bit of water in his entryway.

"I told them, 'Don't worry about it. I'll clean it myself,'" Cook said.

FEMA, state and local emergency management officials use flood insurance as a way of prioritizing the properties that need additional help to prevent repetitive flood losses.

If insured homes are hit by flooding again within 10 years, they are placed on a list of properties that have suffered repetitive losses.

Once on the list, the property becomes eligible for federal grants used for mitigation with can include anything from raising or moving a building, or a complete buyout.

Homes that are purchased through the buy-out program are torn down and the property can't be built on again. The goal of the federal mitigation grants is to reduce the number of insurance claims in the wake of flooding.

Officials with the flood insurance program, the agency in charge of compiling the list, said they couldn't provide the total number of properties in Skagit County that have suffered repetitive losses. However, local officials say that in Hamilton there are 22 homes in the repetitive-loss category.

FEMA and the national flood insurance program are to update the list of repetitive losses following each flood.

Being on the list doesn't automatically guarantee that the federal government will help, said Mark Watkinson, Skagit County Department of Emergency Management coordinator.

He said the federal government has a limited amount of money for mitigation. Properties that are on the repetitive-loss list could be there a long time before money becomes available to them for mitigation purposes.

Mitigation money is scarce

In the wake of the 2003 flood, the county got a federal mitigation grant to raise six homes classified as repetitive loss properties. Two are on the south

side of the river, along Francis Road, and four are on the north side of the river, west of Sedro-Woolley.

Owners of properties still on the repetitive-loss list have the option of seeking low-interest federal loans to raise the buildings. Or, if they suffered damage in a flood, they can use a rider in their insurance policy for up to \$30,000 for mitigation purposes, such as raising the structure.

Unlike conventional home insurance through a private company, there is no limit on the amount of times national flood policy holders can file claims and their premiums don't rise.

While most homeowners on the repetitive-loss list don't get aid, the list helps counties and cities prepare for the elaborate process of applying for federal money to prevent future flood damage.

With the list in hand, local government officials make a pitch for federal grants, which are administered by the state Division of Emergency Management.

"And to some extent it is probably somewhat political also, because everyone get involved," Watkinson said. "It's about who can do the best sales job out of all those projects that are essentially close to being equal across the nation."

The federal government also requires local communities to provide 25 percent of the total cost of mitigation.

In 1996, roughly \$6.3 million was spent in Skagit County to raise or move homes in the flood plain. Federal money purchased 84 properties, most of which were in Hamilton, Cape Horn and west Mount Vernon. Seven homes were moved and one was elevated.

The county was able to pay its share with a \$1.3 million Community Development Block Grant, Watkinson said.

Edgewater Park on the west side of the Skagit River in Mount Vernon is considered the federal flood insurance program's most successful buy-out, Carey said. That's because the demolished homes became a city park that successfully contained the Skagit's high water last year.

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