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**Otis**

A United Technologies Company

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**Otis Elevator Company  
 Kelton Dixon, Comments in Support of  
 A revision to SB 2325 SD 1 – Elevator and Escalator Code  
 March 9, 2010**

Testimony from the National Elevator Industry (NEII)  
 Represented by: Kelton Dixon, the New Equipment and Modernization Manager for Otis  
 Elevator Company in Honolulu, HI.  
 House Committee on Labor and Public Employment  
 Tuesday, March 9, 9:30 a.m., Room 309  
 SB 2325 SD 1 – Relating to Contractors

**Position: Support With Amendments**

Aloha Chair Rhoads, Vice Chair Yamashita, and members of the Committee,

Otis Elevator Company supports SB 2325 SD 1 – relating to Contractors – **if the committee is able to incorporate our proposed amendment into section §444-9.5 (a)(2) of the bill:**

**§444-9.5 Licensing ~~[ef]~~; electrical or plumbing workers~~[-]~~; elevator mechanics.**  
**(a)** At least half of all individuals performing electrical ~~[ef]~~, plumbing, or elevator mechanic work employed on a construction job site by an electrical ~~[ef]~~, plumbing, or elevator contractor shall be licensed in accordance with chapter 448E~~[-]~~ for electrical or plumbing work or 448H for elevator mechanic work. The Board shall waive this requirement in any county when there are insufficient licensed electrical ~~[ef]~~, plumbing, or elevator mechanic workers in that county to comply ~~herewith~~ with this section. The provisions of this Section 444-9.5(a) shall not apply to elevator mechanic workers who are subject to a collective bargaining agreement.

Otis Elevator Company (Otis) manufactures, installs, modernizes and maintains elevators, escalators, and moving walkways. Otis has been in business for over 150 years and has more than 2.1 million elevators and 130,000 escalators in operation throughout the world. Otis employs 100 persons in Hawaii. Our employees work in Oahu, Kona, Hilo, Kauai and Maui. Otis' top priority is the safety of the riding public and our own employees, and we only use licensed personnel to work on equipment.

We understand that the intent of the bill now in its amended form (requiring at least one licensed mechanic for every non-licensed laborer) is to: (1) address the growing concern in the State of the excessive use of low skilled, unqualified, inexperienced and unlicensed laborers on elevator construction and modernization jobs, a circumstance that can lead to unsafe work environment as well as increased exposure to the riding public of unsafe conveyances; and (2) make it easier for the State (and anyone else at a job site) to monitor compliance of the 1 to 1 ratio by having all licensed mechanics at job sites display their badges/licenses.

While Otis fully supports the intent of this bill, to enhance worker's and the riding public's safety by having an adequate number of skilled laborers working at an elevator job site, the unintended consequence of SB 2325 SD1 is that it supersedes the understandings made in collective bargaining agreements negotiated between the International Union of Elevator Constructors (IUEC) and Otis (and other NEII companies) and it would force Otis to cut back on the number of apprentices that we currently employ.

These collective bargaining agreements have allowed the companies for many years to efficiently, safely and cost-effectively staff construction/modernization jobs with teams comprised of an appropriate number of licensed and highly skilled laborers to perform those tasks which require unique knowledge, experience and training and an appropriate number of lesser experienced - but nevertheless suitably trained and qualified - apprentices to perform the variety of menial and minor chores necessary in any construction related project.

The permissible mechanic/apprentice ratios under the respective collective bargaining agreements, based on industry standards, which are at variance with the 1 to 1 ratio required by the bill.

In addition, the collective bargaining agreements grant the use of additional apprentices when dismantling equipment and in certain circumstances, they allow apprentices to perform minor tasks alone under the supervision of a licensed mechanic. These collective bargaining agreements apply to all construction/modernization jobs in the United States, and Hawaii would be the lone exception to nationally accepted and union negotiated standard staffing requirements.

While we appreciate the intent of this bill to address safety and compliance concerns at worksites, a detrimental result of this bill will be the inefficient use of our workforce, the loss of entry levels workers seeking to enter the profession and higher construction costs which do not help to revitalize Hawaii's struggling local economy.

We appreciate the opportunity to testify and request your consideration of our proposed amendment. Mahalo.