



LATE TESTIMONY

NEIL ABERCROMBIE
GOVERNOR

DWIGHT Y. TAKAMINE
INTERIM DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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

January 25, 2012

To: The Honorable Clayton Hee, Chair, Maile Shimabukuro, Vice Chair
and Members of the Senate Committee on Judiciary and Labor

Date: Thursday, January 26, 2012

Time: 2:30 p.m.

Place: Conference Room 229, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations

Re: S.B. No. 2220 Relating to Boiler and Elevator Safety Law

I. OVERVIEW OF PROPOSED LEGISLATION

SB2220 establishes a boiler and elevator special fund to provide a mechanism for self-sufficiency for the Boiler and Elevator Inspection Branch of the Hawai'i Occupational Safety and Health Division (HIOSH). Key provisions include the following:

- A statutory increase in permit and inspection fees.
- The addition of up to ten (10) positions.
- Provides authority for the Director to set compensation and other working conditions that may be different from those administered by the Department of Human Resources Development (DHRD).
- \$1,000,000 in seed money from the general fund to be repaid in five years.
- An appropriation in the first year of \$2,900,000 to carry out the purposes of the program.

The department strongly supports this measure and requests several minor amendments.

II. CURRENT LAW

The Boiler and Elevator Inspection Branch operates entirely on general funds and permit and inspection fees have not changed since 1998. Currently and despite recent process improvements, 75% of elevators and 50% of boilers are operating without a current permit. There is also a backlog in performing critical load tests on elevators, internal inspection of escalators and inspections of amusement rides.

III. COMMENTS ON SENATE BILL

- SB2220 is about public safety, the economy, and jobs. Over the past decade, the boiler and elevator inspection program staffing and budget has suffered from across the board cuts and neglect that has rendered it ineffective and a hindrance to economic revitalization.

Boiler and Elevator Branch Staffing History*											
Year	95	02	03	04	05	06	07	08	09	10	11
Filled	21	13	18	11	15	11	14	10	11	10	10
Authorized	21	24	18	19	18	13	14	21	15	11	12
% Filled	100%	54%	100%	58%	83%	85%	100%	48%	73%	91%	83%

* Years for which data was readily available.

- SB2220 takes away the likelihood that the program will suffer from repeated and often automatic across the board cuts by establishing a boiler and elevator special revolving fund whereby the fees being assessed on the stakeholders who are the most immediately impacted by the program will be dedicated to the program. The measure provides a mechanism for self-sufficiency that will enable the program to hire and retain qualified personnel and carry out the inspection and permitting functions related to public safety.
- Elevators, boilers, steam kettles and the like may not meet safety standards and are a potential threat to public safety. Building owners, managers and businesses lose revenue awaiting the state's approval to use heaters and steam kettles for their restaurant, nursing home or institution. Retail stores, doctors and dentist offices must wait for the state's approval for the recently installed elevator or wheelchair lift to bring customers and

patients to their doors. At the same time, developers and the construction industry are unable to commit to new projects without some assurance that the current project will be occupied and generate revenue upon completion. Without this assurance, construction workers remain on the bench.

- The department has been working with the various stakeholders since last session to reach consensus and draft this measure. Although owners, managers, and businesses face fee increases averaging nearly 40%, they recognize that the fees have not risen in over 13 years, and are far preferable to the current untenable situation that is much more costly. It is critical that this measure be passed this year to have a chance of addressing the backlogs, the construction bottleneck and the public safety issues within the next two years.

The department offers the following comments about the provisions in the measure:

1. Raises fees by statute until the Director amends such fees by rulemaking in accordance with Chapter 91 to enable a reduction in the backlogs as soon as possible.
2. The \$1,000,000 in seed money is critical to begin and continue operations until qualified staff are hired and trained. The additional staff, while reducing the backlogs, will also increase the amount of income and fees coming into the special fund.
3. The \$2,900,000 appropriation is the income based on a fully staffed branch that is maintaining timely inspections and safety tests of the state's inventory of boilers, elevators and kindred equipment, and amusement rides.

The department requests the following amendments:

1. Section 4 (a) permits the Director to establish 10 additional positions, subject to Chapters 76 and 89, to ensure sufficient staffing to reduce the backlog quickly and maintain timely inspections over the long term. The department requests an amendment to Section 4, part (a) to clarify that the ten positions are permanent ones.
2. Removal of Section 4, part (b) from the bill. After further consultation with DHRD, the department believes that under existing personnel rules and



888 Mililani Street, Suite 601
Honolulu, Hawaii 96813-2991

Telephone: 808.543.0000
Facsimile: 808.528.4059

LATE TESTIMONY

The Twenty-Sixth Legislature, State of Hawaii
The Senate

Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association

January 26, 2012

S.B. 2220 – Relating to the
Boiler and Elevator Safety Law

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2220, which establishes the boiler and elevator special fund within the Department of Labor and Industrial Relations to collect and deposit fees for inspections, permits, and examinations of boilers, pressure systems, and elevators. This bill will provide a mechanism for the program to be self-sufficient and the necessary funding to hire and retain a sufficient number of qualified personnel to inspect boilers, elevators, pressure systems, and amusement rides. This program is essential in protecting public health and safety.

The bill directly addresses the need for more manpower necessary to work on a backlog of inspections. Currently, about 75% of the elevators and 50% of the boilers are operating without a current permit because of overdue inspections or their permits are delayed. There is also a backlog in conducting critical load tests on elevators, internal inspections of escalators, and inspection of amusement rides. By increasing its funding and being able to hire additional staff, the department can enhance public safety.

In addition, S.B. 2220 will help developers to obtain building and occupancy permits faster and, thus, be able to recover costs and move on to the next project. Contractors will be better able to plan for ongoing and future construction projects and bring unemployed workers back to work. Finally, building construction and operating costs will be reduced as permits to operate will be issued on a timely basis, thereby assuring building insurers that the equipment is safe to operate.

Thank you for the opportunity to testify in support of S.B. 2220.

Respectfully submitted,

Leiomalama E. Desha
Deputy Executive Director

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 3:03 PM
To: JDLTestimony
Cc: jkealoha@ilwulocal142.org
Subject: Testimony for SB2220 on 1/26/2012 2:30:00 PM
Attachments: 2012SB2220.rtf

LATE TESTIMONY

Testimony for JDL 1/26/2012 2:30:00 PM SB2220

Conference room: 229
Testifier position: Support
Testifier will be present: Yes
Submitted by: Joanne Kealoha
Organization: ILWU Local 142
E-mail: jkealoha@ilwulocal142.org
Submitted on: 1/25/2012

Comments:
Thank you for considering the testimony of ILWU Local 142 on S.B. 2220.

The Twenty-Sixth Legislature
Regular Session of 2012

THE SENATE
Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair
State Capitol, Conference Room 229
Thursday, January 26, 2012; 2:30 p.m.

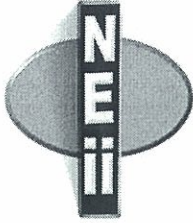
LATE TESTIMONY

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2220
RELATING TO THE BOILER AND ELEVATOR SAFETY LAW**

The ILWU Local 142 supports S.B. 2220, which establishes the boiler and elevator special fund to collect and deposit fees for inspections, permits, and examinations of boilers, pressure systems, elevator, and kindred equipment, and provides funding for start-up costs and staffing.

The Hawaii Occupational Safety and Health Division experienced staffing layoffs during the past several years, resulting in fewer positions for boiler and elevator inspections. This bill will allow fees to be assessed and establish a special fund to support the hiring of more inspectors to provide for regular inspection and ensure the safety of all boilers and elevators in Hawaii.

The ILWU urges passage of S.B. 2220. Thank you for the opportunity to testify.



National Elevator Industry, Inc.

ASSOCIATION HEADQUARTERS

1677 County Route 64 • P.O. Box 838 • Salem, New York 12865-0838 • 518.854.3100
Fax: 518-854-3257 WWW.NEII.ORG • E-Mail: info@neii.org

LATE TESTIMONY

**Testimony of Kimo Queypo
Representing the National Elevator Industry, Inc.**

**in SUPPORT of Hawaii S.B. 2220
Relating to the Boiler and Elevator Safety Law**

**Before the Senate Committee on Judiciary and Labor
January 26, 2012, 2:00 p.m.. Room 229**

Aloha Chair Hee, Vice Chair Shimabukuro and members of the committee:

My name is Kimo Queypo and I am here today presenting testimony on behalf of the National Elevator Industry Inc (“NEII®”). NEII® is a national trade organization representing the interests of firms that install, maintain and/or manufacture (including parts or components) elevators, escalators, moving walks and other building transportation systems. NEII member companies have significant operations across Hawaii, and we appreciate the opportunity to provide comments on Senate Bill 2220 today.

NEII® is very concerned about the several year backlog of inspections in the elevator and boiler branch of the Department of Labor and Industrial Relations (DLIR). We recognize that the State’s fiscal crisis has greatly contributed to the current challenges faced by DLIR with their current limited and overburdened staff. However, the inability to timely and effectively manage the inspections of elevators and other building transportation equipment in Hawaii raises safety issues, creates construction delays and results in significant cost burdens on the commercial business community in the State.

We would hope that responsible building owners in the State would arrange for their elevator equipment to be regularly and routinely maintained with necessary repairs or replacements made but only a current operating permit and approval of critical load tests will ensure the ongoing confidence of the riding public that such equipment is truly safe to use. Fortunately, there hasn’t been an elevator related fatality in the State for quite some time. A proper inspection and test approval program would be of invaluable assistance in continuing that trend.

The administrative quagmire that the DLIR finds itself in is exacerbating the economic crisis by stalling the occupancy of buildings that could help drive the State’s economic engine back to prosperity. Delayed occupancy means a delay in the sale and/or lease of buildings. Meanwhile, construction loan payments are still

required draining away precious resources from cash-strapped property owners that could be allocated to other income producing projects. Financially distressed properties lead to increasing amounts of deferred maintenance thereby creating safety concerns (including elevators, building, fire and life safety systems) as well as lost jobs for the elevator industry that services existing equipment and that installs original equipment for new projects that never get off ground due to lack of funding. More loans will go into default and foreclosure as sufficient proceeds are not available to pay outstanding debt service. Every foreclosure and forced sale drives down the value of other area properties and makes construction lenders even more skittish about financing other projects. All of this creates a downward spiral that makes it harder for the Hawaii economy to recover from an already depressed state.

For over a year, *NEII*[®] has led a collaborative working group that includes key stakeholders in the elevator and building industries. This group has developed a strong working relationship with DLIR and we have seen a positive commitment to resolving the backlog of inspections. S.B. 2220 would re-establish a revolving fund dedicated to the elevator branch which would allow the DLIR to recruit and hire suitably qualified staff for the necessary inspector positions including, most importantly, the Chief Elevator Inspector who would then be in a position to immediately fill the current leadership vacuum.

NEII[®]'s is the premier association representing the interests of firms that install, maintain and/or manufacture elevators, escalators, moving walks and other building transportation products. The *NEII*[®] membership includes the top elevator companies in the United States, if not the world, and reports more than eighty percent of the work hours for the industry. Safety for the riding public and industry professionals is one of *NEII*[®]'s top priorities.

Thank you for the opportunity to provide the elevator industry's comments today.

procedures the Director will have the authority and flexibility to hire and retain qualified staff.

3. Taking amusement ride inspection fees (pg. 9, line 8) out of Schedule B and creating a new Section C for amusement ride inspection fees.

LATE TESTIMONY

SB 2220

RELATING TO THE BOILER AND ELEVATOR SAFETY LAW

Senate Committee on Judiciary and Labor

Senate Committee on Ways and Means

A Public Hearing – on January 26, 12 2012

2: 30 p.m., State Capitol, Conference Room 229

By David Cole

The decision for the state to finally move into the 21st century with regard to elevator / escalator safety means an even more backlog of new requirements to incorporate in its current inspection schedule. For a QEI State inspector, this would mean looking at a daunting task to incorporate a dozen new code requirements into what won't be just another routine Annual, 3-Yr , 5-Yr Test or Acceptance Certificate. Question: How many new Machine Roomless (MRL's) technology has already been accepted and issued certificates by the State under the 1996 Elevator/Escalator Safety Code? I would hope none, but the fear is there are probably more than one would care to count. The problem with that is MRL's are not even addressed in the 1996 edition until 2000. Since then more code revisions about the MRL's have been made.

Another example; code now requires for Hydraulic Elevators a safety device called automatic shutoff valve located in the hoistway pit is now required to be tested every 5-Yrs. (2007 edition) For this requirement, add an additional 2-3 hrs to the work day.

Escalators. Did you know for every one incident or mishap relating to elevators there are seventeen incidences for escalators? The requirement for annual step skirt index testing is due annually. One annual full testing and inspection for one escalator will take an average time of 3 hours minimum. One has to wonder with the well known State's backlog of vertical transport equipment (vte) certifications when was he last time the escalator you rode today had been inspected and tested.

The problem with moving from the 1996 elevator code to the 2007 and later means that a number of the new requirements become retroactive adding to the already state backlogged requirement for its annual, 3 Year & 5 Year Weight testing. The responsibility for ensuring public safety becomes an unrealistic goal for the State to achieve without help. I would oppose SB2220.

David Cole

QEI C-4438

Since 2004

Employer: Dept of the Navy, Pearl Harbor

LATE TESTIMONY

In support of SB2220

As one of the seven current elevator inspectors currently employed by the state I would like to voice my support for the long overdue revitalization of our department.

Over the last several years severe cuts to staff have resulted in the inability of the elevator dept. to keep pace with the inspection demand, and has left around three quarters of the equipment under its jurisdiction without operating permits. Additionally, both industry contractors and equipment owners are having a difficult time scheduling timely inspections for refurbished and new elevator certification.

In spite of several attempts to improve the responsiveness of the department, including such things as more effective scheduling, an improved website, and conducting regular meetings with the industry, the problem of understaffing has not be overcome.

Adding six more positions will dramatically improve the capability of the department, resulting in a gradual elimination of the backlog of un-inspected equipment, as well the ability to provide both the industry as well as other stakeholders with timely service. These improvements will insure the continuation of this state's excellent safety record, and provide an effective basis for the ongoing industry transition to modern elevator systems.

With respect to an unmentioned challenge facing the department, namely the current regulatory codes in effect dating from 1996, I strongly recommend the long overdue adoption of newer editions of these codes. Providing the department with the improvements mandated by this proposed legislation is an important and vitally necessary step, yet to make this transition truly effective the regulatory codes applicable must be improved as well. Presently, many of the systems being installed today reflect technology not covered under the 1996 level of code requirements, and is becoming increasingly difficult to regulate properly. Newer codes have been written concurrently with industry advancements, and reflects concerns that have arisen with the new technologies.

I hope to be in attendance at all hearings, including those involving legislation creating third party inspection capabilities as one answer to the current issues. My concern is that whichever solution is legislated, whether it be the revitalization of the elevator inspection department, or the acceptance of privatization in the inspection process, that it be done with the true needs of the riding public represented. I have little knowledge with regard the legislative process, but having spent 36 years in the elevator trade, finishing at the highest level of field technology, I have witnessed the dramatic changes and understand first hand the importance of the regulatory process keeping pace with these same changes.

Clifford Smith

625-2674

“creidsmith@yahoo.com”

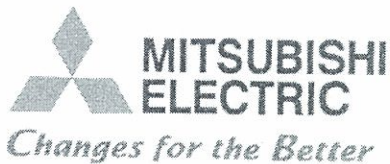
From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 12:20 PM
To: JDLTestimony
Cc: william.g.kunstman@hawaii.gov
Subject: Testimony for SB2220 on 1/26/2012 2:30:00 PM
Attachments: SB-2220.pdf

LATE TESTIMONY

Testimony for JDL 1/26/2012 2:30:00 PM SB2220

Conference room: 229
Testifier position: Support
Testifier will be present: No
Submitted by: Bert Yorita
Organization: DLIR
E-mail: william.g.kunstman@hawaii.gov
Submitted on: 1/26/2012

Comments:



MITSUBISHI ELECTRIC & ELECTRONICS USA, INC.
ELEVATOR/ESCALATOR DIVISION
99-075 KOAHA WAY, SUITE A
AIEA, HAWAII 96701-3286
PHONE: 808.486.0433 FAX: 808.486.2622

LATE TESTIMONY

January 26, 2012

To: The Honorable Clayton Hee
Chairman, Senate Committee of Judiciary and Labor

From: Bert Yorita, Hawaii Operations Manager
Mitsubishi Elevators & Escalators

Re: S.B. No. 2220 Relating to Boiler and Elevator Safety Law

As an elevator and escalator installation and service company, we hereby submit this testimony in support of the proposal submitted by the DLIR Elevator Inspection Branch. With the current insufficient amount of Inspectors, including the lack of a Supervisor, there are significant effects to elevator installation and service companies, and to also include, the end user.

Timely processing of applications for installation/alteration permits cannot be achieved with the current staffing of the Elevator Inspection Branch. In most cases, material orders are subject to receipt of an installation/alteration permit. Delayed permits will likely result in a alter start/finish date, consequently, unnecessary increases in labor and material costs occurs. A project price cannot be "changed" once awarded, thereby the company must absorb all cost increases which were not originally planned for. Project completion delays impacts the Customer or end user's ability to take possession of the project, and in the case of retail, delayed opening results in loss of revenue. We are also more susceptible to "liquidated damages" due to completion delays.

Emergency situations do arise which cannot be planned or scheduled for in advance, such as accidents, emergency replacements of components, etc.. Majority of situations requires an Inspector's site visit and approval to operate the equipment, prior to the equipment being released for operation. Until such inspection occurs, the equipment must remain inoperative. Due to inadequate staffing, emergency equipment inspections are substantially delayed. Imagine being a tenant in a single elevator building, and an emergency replacement or incident occurs that requires an inspection and examination prior to usage. You patiently wait for the inspection to take place. A few days pass, so you ask the building manager, "when is the elevator going to work?". The manager responds, "I don't know, the elevator service company didn't say". The manager then calls the service company again, and is told, "we don't know, the Inspector's Office hasn't replied to us, or even acknowledged that they received our request for an emergency inspection." Envision that this continues for a week, then another week.

Timely responses and communications to requests for inspection, testing, or installation from the Inspector's Branch, is required. Delayed or non-response presents a huge problem for companies as well as owners and end users. It is extremely difficult for labor and project job planning, and subsequently, could jeopardize a worker's employment, or the potential for new employment.

Quality
in Motion

LATE TESTIMONY

George M. Waialeale
910 Kapahulu Avenue #703
Honolulu, Hawaii 96816
Email: geedubbyou@aol.com
Phone: (808) 383-0436

January 25, 2012

SB 2220 Relating to the Boiler and Elevator Safety Law

I am here to testify in support of SB 2220. With the establishment of this special fund to collect and deposit fees for inspections, permits and examinations of boilers, pressure systems, elevators, and kindred equipment will provide funds to hire more inspectors. This will provide a safety measure for installation and maintenance of boilers and elevators.

I ask for your passage of this legislation.

George Waialeale