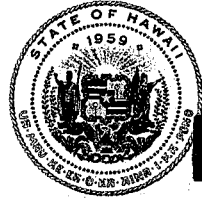


DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

DEPT. COMM. NO. 151

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

December 5, 2016

The Honorable Ronald D Kouchi,
President and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Joseph M. Souki, Speaker
and Members of the House of
Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

For your information and consideration, I am transmitting two (2) copies of the Department of Labor and Industrial Relations (DLIR) Boiler and Elevator Special Fund Report for the fiscal year ending June 30, 2016, as required by section 397-13, Hawaii Revised Statutes (HRS).

In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://labor.hawaii.gov/find-a-report/>.

Sincerely,

Linda Chu Takayama
Director

BOILER AND ELEVATOR SPECIAL FUND REPORT
TO THE 2017 LEGISLATURE



State of Hawai'i
Department of Labor and Industrial Relations

December 2016

STATE OF HAWAI'I
DAVID Y. IGE, Governor

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
LINDA CHU TAKAYAMA, Director
LEONARD HOSHIJO, Deputy Director

OCCUPATIONAL SAFETY AND HEALTH DIVISION
BOILER AND ELEVATOR BRANCH
Norman Ahu, Administrator
Julius Dacanay, Branch Manager

I. INTRODUCTION

Pursuant to Act 103, Session Laws of Hawaii 2012, the Director of the Department of Labor and Industrial Relations (DLIR), "... shall submit a report to the legislature on the status of the boiler and elevator special fund, including expenditures and program results, not less than twenty days prior to the convening of each regular session."

II. PURPOSE

Act 103 established the boiler and elevator special fund, changed the means of financing to special funding, and provided a mechanism for self-sustainability for the Boiler and Elevator Branch (Branch) of the Occupational Safety and Health Division (HIOSH). In passing Act 103, the Legislature recognized that the boiler and elevator inspection program staffing and budget had suffered from across-the-board cuts and neglect that had rendered it ineffective and a hindrance to economic revitalization, and most importantly, a threat to public safety.

Act 103's self-sustainability mechanism operates by assessing fees, which supports the operations of the Branch. Act 103's self-sustainability mechanism also provides a means for the program to hire and retain qualified personnel and carry out the inspection and permitting functions related to public safety and economic revitalization.

Act 103 has been codified in the Hawai'i Revised States (HRS) as a new section §397-13 (**Boiler and elevator special fund; establishment; purposes.**), and amendments to §397-5 (**Fees.**) and 397-8 (**Violations and penalties.**).

III. PROGRAM RESULTS

The DLIR revised the Hawaii Administrative Rules (HAR) and adopted new elevator rules, which included the 2010 American Society of Mechanical Engineers (ASME) Codes 17.1, 17.2 and 17.3 in June 2014. This was the first update to the elevator rules and adoption of newer codes since 2000—DLIR had previously failed to adopt three updated codes.

During 2015 and 2016 a revision of the Elevator and Related Systems HAR occurred, went into effect on September 14, 2016 and were signed by Gov. David Y. Ige on October 21, 2016. DLIR consulted with the stakeholders during the process and consequently received unanimous, strong support from eight testifiers and the Small Business Regulatory Review Board. The revisions include housekeeping amendments, an increase in some fees and new fees for previously non-revenue generating activities, and cost-savings provisions regarding maintenance control programs and posting of operating permits.

DLIR continues to work with the Hawaii Information Consortium (HIC) to integrate a new information technology system into the operations of the Elevator Section for staff, permit and license holders, and the public to make operations more efficient and transparent. Installation applications and payments for permits for new elevators and kindred equipment and personnel hoists at construction sites became available online beginning August 6, 2013. The online form provides contractors a simple, one-stop application to submit and pay for their installations.

Improvements to the information system and expansion of the types of permits and other online tools available through multiple platforms (personal computer, mobile, tablets) include the availability of all installation and inspection requests online, the internal routing and tracking of requests by electronic means, the acceptance of online payments, the ability to search for equipment (elevators and related systems), view inspection histories, assign inspectors specific jobs, and a dashboard of critical information. These system improvements are expected to start gradually being phased into operations during the year via pilot programs utilizing portable IT equipment.

Act 103 also provided for ten additional positions including a branch manager, up to the equivalent of six full-time elevator inspectors, one boiler inspector and two office assistants. Act 103 increased the total number of inspectors in the Branch from eleven to eighteen (four boiler, fourteen elevator), including two supervisors. Nineteen of the Branch's twenty-two positions were filled by the Fall of 2016. The program performed 5,883 elevator inspections (of approximately 7,200 items) and performed or accepted 5,406 boiler inspections (out of 6,000 inspections required) during fiscal year 2015-16.

IV. Budget

The department deposited \$375,000 into the general fund pursuant to Act 103 during the fiscal year, bringing the total to \$500,000 of the \$1,000,000 general fund loan paid back. DLIR has an administrative proposal to extend the loan period for consideration by the 2017 Legislature.

Fiscal Year 2015-2016

Beginning Balance		1,057,599
Revenues	Fees Collected	1,662,460
Expenditures		(1,796,903)
Loan Repayment		(375,000)
Balance 6/30/16		548,156