

BOILER AND ELEVATOR SPECIAL FUND REPORT
TO THE 2013 LEGISLATURE



State of Hawai'i
Department of Labor and Industrial Relations

December 2012

STATE OF HAWAI'I
Neil Abercrombie, Governor

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
Dwight Takamine, Director
Audrey Hidano, Deputy Director

OCCUPATIONAL SAFETY AND HEALTH DIVISION
Diantha Goo, Administrator

I. INTRODUCTION

Pursuant to Act 103, Session Laws of Hawai'i 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." Governor Abercrombie signed Act 103 into law on June 1, 2012 and it became effective July 1, 2012. Therefore, this report only covers the period of July 1, 2012 through December 2012. Future reports will cover the full fiscal year.

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-sufficiency 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 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 fund whereby the fees being assessed on the stakeholders who are the most immediately impacted by the program will be dedicated to the program. Act 103 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 and economic revitalization.

III. PROGRAM RESULTS

Although the new boiler and elevator law became effective on July 1, 2012, the DLIR began taking significant steps to confront the challenges experienced by the Branch in 2011. During 2011, DLIR launched two, interrelated efforts by bringing stakeholders together for an ongoing series of discussions aimed at solving the long-term problem with the Branch, which resulted in Act 103, and addressing a critical component—outdated codes for both elevators and kindred equipment and boilers and pressure vessels.

A group of stakeholders including elevator mechanics, elevator construction companies, the International Union of Elevator Constructors Hawai'i Local 126 and department staff formed a committee and several subcommittees to revise the elevator code and consult with other affected stakeholders. This process was crucial because the code for elevators and kindred equipment had not been updated since 2000 and is based on the 1996 code. As a result, the code is archaic and does not address the improvements in technology made since that time.

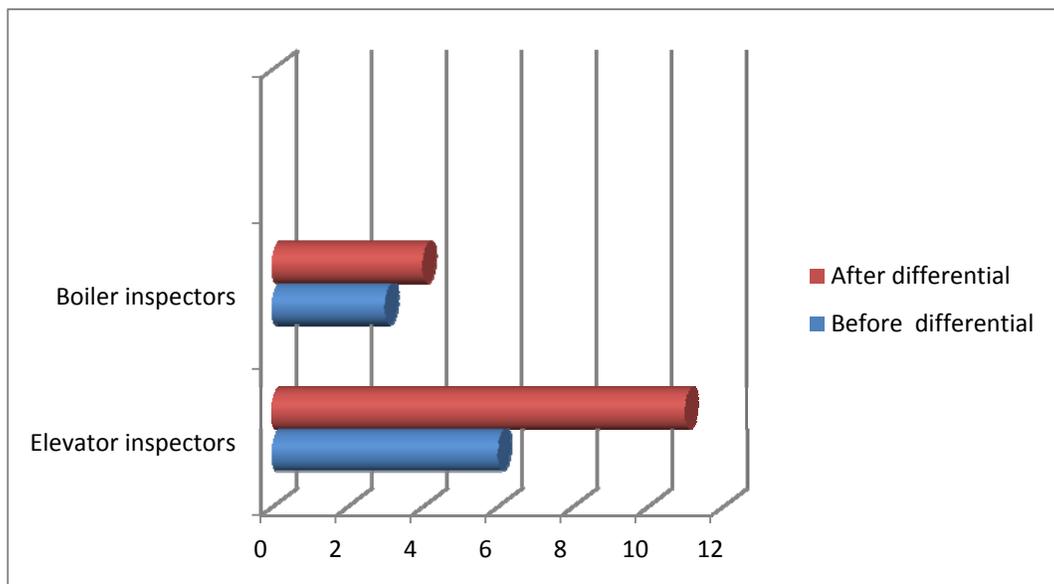
In addition, the national certifying body has upgraded the code four times since 1996, most recently in 2010. Owners and contractors are thus left with little guidance or confusing guidance on what is and is not permissible. The lack of clear and updated regulations is costing Hawai'i's businesses, building owners and the workforce because of construction delays and change orders. DLIR is in the final stages of preparing to consult with the Small

Business Regulatory Review Board as part of the rules process and intends to adopt the 2010 code in 2013. Upon adoption, DLIR is planning outreach sessions throughout the state to educate owners and contractors on the updated codes.

In November 2012, DLIR completed the administrative rules process and adopted updates to the boiler code. This update in the boiler code, the first since 1999, incorporates the ASME 2010 codes for pressure vessels and the ASME 2006 regulations for control devices.

Another problematic issue that arose in the discussions with stakeholders involved the desirability of integrating 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. Since June 2010, the current software program for processing permits and inspection reports has not been supported by the vendor and several major features are non-operational.

An application form to process online requests and prepayment for new installations and alterations of elevators, lifts and dumbwaiters is under development and DLIR is planning the roll out for public use in early 2013. Moreover, DLIR is in the process of searching for a provider that can design a system that will integrate and automate the elevator inspection and permitting process.



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. Currently, eight of the ten new positions are occupied and it is anticipated that all of the positions will be filled by January 2013 as DLIR was in the final stages of recruiting two elevator inspectors at the time of this report. DLIR has encountered recruiting difficulties in permanently filling the Branch Manager and Elevator Supervisor positions, both of which are filled on a temporary

basis. The challenge for the Branch will be to train all the new hires and to find managers who have the technical and managerial experience to run the Branch effectively.

The increased capacity provided for by Act 103 has already allowed the Branch to accomplish operational improvements and efficiencies. The temporary elevator supervisor has improved communications and been able to serve as an effective liaison with the owners and contractors to reduce their questions pertaining to scheduling and the code. He also has achieved efficiencies in the scheduling of inspections and dispatching in response to time sensitive situations.

The increase in clerical staff has significantly reduced the paperwork-processing backlog, enabled the Branch to process fees more quickly, and relieved some of the clerical burden heretofore shouldered by the inspectors, which allows the inspectors to conduct more inspections. The temporary Branch Manager has been able to update and improve management reports, which has enabled the Branch to focus in on the backlogged areas and develop more sophisticated and efficient scheduling, projections and other management tools.

The Boiler Section has begun to reduce the backlog of inspections for boilers and pressure vessels with the addition of the one boiler inspector. The Elevator Section has deployed the new elevator inspectors to work on the annual operating permit backlog and from July 1, 2012 through December 2012 960 annual inspections were conducted.

IV. Expenditures

First Quarter Fiscal Year 2013

Beginning Balance		\$1,000,000
Revenues	Fees Collected	327,000
Expenses	Personnel Costs	175,098
	Operating	12,552
Balance 9/30/12		\$1,139,350

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BOILER AND ELEVATOR INSPECTION BRANCH
POSITION ORGANIZATION CHART

