

**BOILER AND ELEVATOR SPECIAL FUND REPORT**  
**TO THE 2014 LEGISLATURE**



State of Hawai'i  
Department of Labor and Industrial Relations

December 2013

**STATE OF HAWAI'I**  
**Neil Abercrombie, Governor**

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
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**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."

## **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.

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 has continued the development of a revision to the elevator, kindred equipment and amusement rides rules (code) and went before the State Building Council in early December 2013. Pursuant to Act 82, (SLH, 2007), the revised rules will enable quicker review and adoption of national published codes or standards for application to Hawai'i by incorporating by reference the most recent of those codes and standards and making only the most necessary changes in keeping with the uniqueness of Hawai'i. The DLIR is scheduled to present the rules to the Small Business Regulatory Review Board in January 2014.

The DLIR has also continued with outreach and education efforts pertaining to the updating of the code for elevators, kindred equipment and amusement rides. This process is crucial because the code has 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.

As part of the outreach and education efforts, the Elevator Section has worked with all the County agencies responsible for the fire and building codes to ensure the harmonization of the proposed new codes with the existing county codes. Moreover, the DLIR continues to inform the public about the proposed rules in meetings amongst various stakeholders. The DLIR intends to enact the revisions to the elevator code during the summer of 2014 (Hawai'i Administrative Rules relating to Part 11 [Elevators and Related Systems], Chapter 8, Title 12).

Significant progress during the year was also made in addressing 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.

Installation applications 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. Making new installation applications and fee payment available online is just the first phase of the DLIR's efforts towards making all types of elevator permit applications and fee payments available via the web.

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, all of the ten new positions are occupied, nine with permanent staff. During 2013, three additional elevator inspectors were hired and completed the required national and state testing and began making inspections. The fourteenth inspector was hired in October 2013 and currently is training for fieldwork. An existing boiler inspector became the Branch Manager in August 2013. The two permanent office assistant positions were also filled in June 2013. The Chief Boiler Inspector retired in the fall of 2013 and another was terminated, leaving one permanent boiler inspector augmented by the Branch Manager performing inspections.

The hiring of permanent 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 Branch 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.

To address the backlog in elevator inspections and increase accountability the Branch launched a "Districting" approach to performing the required annual and safety test inspections for the nearly 7,000 elevators in the state. The Districting scheme involves dividing the islands into four geographic areas and assigning four teams of inspectors the responsibility for the elevators and kindred equipment in their area. This effort is designed to promote ownership and responsibility as each team will be responsible for a much

smaller group of elevators and kindred equipment. From January through November 2013, the Elevator Section performed 4,419 inspections.

**IV. Expenditures**

The DLIR is planning to reimburse \$200,000 of the \$1,000,000 initial appropriation from the general fund in FY2013-2014.

Fiscal Year 2012-2013

Beginning Balance		1,000,000
Revenues	Fees Collected	503,980
Expenses	Personnel Costs	400,992
	Operating	34,845
Balance 6/30/13		\$1,139,350