

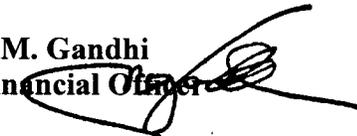
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: April 28, 2009

SUBJECT: Fiscal Impact Statement – “Elevator Maintenance Standards and Licensing Act of 2009”

REFERENCE: Bill Number 18-236 Draft Committee Print sent on April 27, 2009

Conclusion

Funds are sufficient in the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a positive fiscal impact of \$107,083 in FY 2010 and \$261,571 in the four year budget and financial plan period.

Background

The proposed legislation would establish new license categories for those performing elevator installation, repair and inspection, and it would originate new fees to administer these new licensing requirements. The proposed bill would amend the District of Columbia Official Code¹ to include elevator mechanic and elevator contractor among regulated non-health related occupations and professions so they would be licensed to demonstrate their experience, qualifications, and abilities.

The bill would also amend the District Code² to include among the 15 members of the Board of Industrial Trades (“Board”) two members from elevator or escalator mechanics licensees by removing one refrigeration and air conditioning mechanic licensee and one steam and other operating engineer licensee from the Board. This Board would regulate and license the practices of elevator mechanics, apprentices, instructors and managers of these practices, the owners of such businesses, and the business entities offering such services. The bill would also require

¹ 47-2853.04

² 47-2853.06 (d)

changes to the D.C. Official Code regarding scope of practice for electricians³ and eligibility requirements for electricians⁴ to exclude conveyances⁵ and elevator/escalator references. A new part⁶ then would be added to the D.C. Official Code to cover elevator maintenance, and the scope of practices for elevator mechanics, contractors, and inspectors. Elevator inspectors would be required to meet the standards of American Society of Mechanical Engineers, Qualification of Elevator Inspectors (ASME QEI), in addition to any other Board requirements.

The bill establishes a license fee of \$260 for the three new categories of licensees (elevator mechanics, contractors, and inspectors). The fees collected from licensees would accrue to the general fund. The District of Columbia Department of Consumer and Regulatory Affairs (DCRA) would be required to promulgate rules to implement the proposed legislation within 180 days of the effective date of its enactment.

Financial Plan Impact

Funds are sufficient in proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a positive fiscal impact of \$107,083 in FY 2010 and \$261,571 in the four year budget and financial plan period.

Currently an estimated 1,200 electricians install, service, repair and inspect elevators in the District of Columbia. DCRA estimates that to implement the requirements of the licensing programs, it would have to hire two FTEs (at level DS-9/1) in the first year of implementation. The personnel costs associated with the two FTEs would equal approximately \$101,000 in FY 2010. Given that the licenses will be renewable every other year, it is estimated that the required FTEs, and hence the cost of implementation, would be halved in the outer years, bringing the four-year total cost to approximately \$258,500.

On the revenue side, it is assumed that in the first year 800 applicants would successfully qualify for the licenses. In the out-years, new applicants and renewals are expected to be at 400 per year. Given the licensee fee of \$260, the proposed legislation is expected to generate \$208,000 in FY 2010 and \$520,000 over the four-year financial plan period.

The table below summarizes the fiscal impact of the proposed legislation.

³ 47-2853.91

⁴ 47.2853.92

⁵ Conveyances include elevators, elevator machinery and equipment, hydraulic elevators, sidewalk elevators, private residence elevators and lifts, hand elevators, hand and power dumbwaiters, escalators, moving walks, manlifts, trayvayors and selector verticals and other related conveyance.

⁶ A new Part F-1. Elevator Maintenance, to be added to Chapter 28 of Title 47 of the District of Columbia Official Code.

Estimated Fiscal Impact of B18-236 "Elevator Maintenance Standards Act of 2009"					
FY 2010 – FY 2013					
	FY 2010	FY 2011	FY 2012	FY 2013	4 Year Total
Revenues					
License Fee	\$260	\$260	\$260	\$260	
Number of Licensees ¹	800	400	400	400	
Total Fee Collection	\$208,000	\$104,000	\$104,000	\$104,000	\$520,000
Costs					
Number of clerks ²	2	1	1	1	
Salary ^{3,4}	\$42,761	\$43,617	\$44,489	\$45,379	\$176,246
Benefits ⁴	\$7,697	\$7,851	\$8,008	\$8,168	\$31,724
Total personnel costs	\$100,917	\$51,468	\$52,497	\$53,547	\$258,429
Positive Fiscal Impact	\$107,083	\$52,532	\$51,503	\$50,453	\$261,571

¹ OCFO estimate based on testimony of Clifford Cooks, Manager of the Office of Professional Licensing at DCRA delivered on 4/22/2009.

² Two FTEs will be needed in the first year to administer the program. Thereafter, with half of licenses renewed each year, one clerk will be sufficient.

³ DCRA indicated that they would need FTEs at level DS-9 step 1.

⁴ Benefits are calculated at 18 percent of the salary, and a 2 percent COLA applied for each year to salary and benefits.