

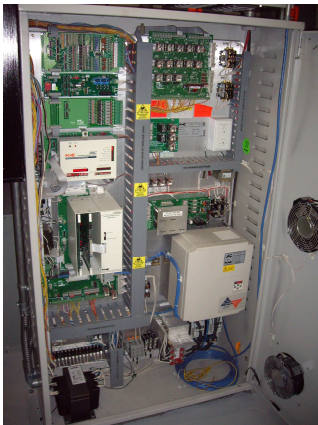


Are Your Elevators Costing You More Than They're Worth?

By James B. Hutchinson, President of Pacific Elevator Corp.

While state-of-the-art at the time of their installation, your elevators may now be costing you more than they're worth. They are perhaps your building's most vital physical assets. Keeping your elevators running is critical to your operation, but equally important is the *cost* of keeping them running.

Generally speaking, the average lifespan of an elevator is approximately twenty-five years before modernization becomes necessary in order to maintain acceptable levels of performance, reliability, and safety. However, the age and condition of the elevator equipment is becoming less and less the driving factor, as steep increases in elevator maintenance costs have become of growing concern. These steep increases are due to the latest elevator labor union agreements which call for large incremental wage increases. As a result of these increases, building owners will be forced to pay an estimated 25% more for elevator services in the next five years, and as much as 50% more in ten years.



While your elevators may not necessarily be due for modernization from the standpoint of age or physical condition, there may be significant cost savings achievable from an operating costs perspective. Replacing maintenance-intensive equipment with new state-of-the-art equipment requiring little

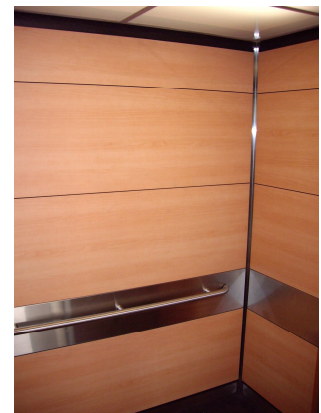
or no routine adjustments will greatly reduce your elevator's ongoing maintenance requirements, thereby dramatically lowering maintenance costs. In addition, upgrading older, energy-inefficient equipment with today's solid-state systems that are designed to deliver better elevator performance while consuming less energy will result in lowering your building's energy costs.

Like many other buildings in Honolulu with elevators, the H&M Apartments, located at 777 Pa'ani Street, was paying inflated prices for elevator maintenance. Each year, the building's elevator maintenance costs would increase, while the elevators' performance and reliability continued to degrade. Finally, in 2004, in a

proactive effort to improve their elevators' performance and reduce their ongoing operating costs, the owners of the H&M Apartments made the decision to undergo a comprehensive elevator modernization.

As a result of the modernization, H&M's elevator maintenance costs were reduced by 43%, an estimated \$37,500 savings over just five years. In addition, by undergoing the modernization earlier than originally planned, the owners are now looking forward to an overall net savings of nearly \$100,000 over the next ten years.

Waiting until your elevator equipment is run-down and your maintenance costs have risen through the roof is not good asset management. This lack of planning only leads to unexpected elevator breakdowns and disruptions to your operation, which in turn will have adverse effects on your building's image.



The strategy taken by today's savvy building owners and managers is to proactively invest in building upgrades that will ultimately increase property value while reducing ongoing operating costs. Don't surrender to rising maintenance costs; instead, let modernization be your vehicle to take control of your building's elevator costs.

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