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DEPT. COMM. NO. 320

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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January 7, 2019

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

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, 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) Hoisting Machine Operators' Certification Revolving Fund Annual Report for the fiscal year ending June 30, 2018, as required by section 396-20(c), 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,

Leonard Hoshijo
Director

Enclosure

The Hawai'i Hoisting Machine Operators Advisory Board 2017-2018 Annual Report For Fiscal Year Ending June 30, 2018

An Introduction to HMOAB

The Hoisting Machine Operators Advisory Board (HMOAB) operates as an 'attached agency' within the State Department of Labor and Industrial Relations and is administered through the Hawai'i Occupational Safety and Health Division. Since 1998, HMOAB has been charged with assuring construction crane operators across the Islands operate hoisting machines in a safe and lawful manner on behalf of the citizens of Hawai'i.

Annual Summary

Fiscal year, 2017-2018, was a year of stability and reflection for the Hoisting Machine Operators Advisory Board.

During this fiscal year, a record number of 153 certifications were issued for Hawai'i crane operators. This consisted of 72 new applicants and 81 renewals. Online applications increased to 42 or nearly 30%, indicating more applicants are using the online application feature of the HMOAB website.

The fiscal year was a period of reflection, as the Hoisting Machine Operators Advisory Board studied the implication of new rules proposed by the Federal Occupational Safety and Health Administration (OSHA) on crane operator certification doing construction work. If adopted the new rules would make the requirement of a Hawai'i certification unnecessary and unenforceable. The Board considered two options: 1) do away with the requirement to have a Hawai'i crane certification or 2) expand the requirement for certification for crane operators in general industry and utilities. The proposed OSHA rules do not apply to cranes in general industry and utilities.

The Board collected data that shows a significant number of crane accidents occur in general industry. According to data compiled by Haag Engineering, general industry accounts for about 37 percent of crane accidents and construction accounts for 49 percent. Proper training and certification of crane operators in this industry have the potential of reducing accidents and risk to the general public. Utility companies and tree trimming companies often operate in riskier situations with uneven and unstable grounds, unpredictable loads, and proximity to road traffic.

The OSHA proposed rules may be finalized in 2019 and the State of Hawai'i has six months to adopt the rules or enact stronger rules than that required by OSHA.

In other action the Board approved an advertising campaign to run in the "Business Industry Magazine" from April 2018 to October 2018. The advertisements advised employers that crane operators doing construction work are required to be certified in the State of Hawai'i.

Advisory Board

Tristan Aldeguer serves as Chairperson of the Hoisting Machine Operators Advisory Board. Mr. Aldeguer is employed by Hawaiian Dredging Construction Company as a Health, Safety and Environment Manager and provides various safety consulting services and training. Along with his career in construction safety management, Mr. Aldeguer has spent sixteen years in the occupational safety and health field in Hawai'i. Mr. Aldeguer term runs until June 30, 2020.

Don "Doc" Bailey has over 30 years of experience in the crane industry. He is the C.E.O and President of "Doc Bailey Cranes & Equipment Inc." which he founded in 1986. The company specializes in Crane Rentals, Crane Repair, Crane & Winch Sales, Hi-Rail, and Specialized Construction Equipment. Doc Bailey expanded the business from Hawai'i to California in 1995. Mr. Bailey's term on the Board runs until June 30, 2021.

Angela A. Chinen is an instructor with the Joint Apprenticeship Committee of Operating Engineers Local Union #3. Ms. Chinen has thirty-four years of construction industry experience and is a certified member of both HMOAB and the National Commission for the Certification of Crane Operators (NCCCCO). Ms. Chinen's term on the Board runs until June 30, 2018 but she has applied for reappointment to the Board.

Richard E. Lentes III is responsible for training programs and more than fifty overhead and mobile company cranes for Hawthorne CAT in Waipahu. Mr. Lentes is a qualified mobile crane inspector and an experienced safety/health manager, following a successful career in the U.S. Navy. Mr. Lentes also serves as Vice-Chairperson of the Board and his term runs until June 30, 2020.

John P. Mihlbauer, Jr. is president of All Ship & Cargo Surveys, Ltd. and is registered as a licensed Mechanical Engineer in Hawai'i and California. Mr. Mihlbauer serves on the ASME B30.8 and ASME B30.24 sub-committees. Mr. Mihlbauer retired after 29 years in Federal Service as a Mechanical Engineer with the US Navy and the US Army Corps of Engineers. Mr. Mihlbauer's term runs until June 30, 2018. Mihlbauer has also applied for reappointment to the Board.

Melvin Chang works in the HMOAB office as its executive assistant. Mr. Chang comes to the HMOAB after working 31 years for the International Longshore and Warehouse Union Local 142 as their education and communications director.

Agency Funding

The HMOAB revolving fund supports the process of investigation, verification and certification of new and renewing hoisting machine operators in the State of Hawai'i. The fund is generated from user fees and covers personnel and operating expenses of the Hoisting Machine Operators Advisory Board. The funds also cover the cost of preparing and disseminating information about the certification process, public outreach programs, and the costs associated with the annual reporting of the agency's activities. The Hoisting Machine Operators Advisory Board and its office is supported solely by user fees and operates without expense to the taxpayers of the State of Hawai'i.

Current Funding Summary

As all funds are self-generating, the Hoisting Machine Operators Advisory Board projects annual income of approximately \$32,000 per fiscal year and an equal amount of expenses.

The decline in revenues after FY 2015-2016 is the result of the change in the fee schedule which allows applicants to choose their certification period between one to five years instead of only five years. This also resulted in a drop in the total number of certified operators from 408 to 376, as the older five-year long certification holders left the industry, returned to the mainland, or retired.

During the previous year, all revenues come from either application collections or interest income. Expenses include only personnel costs and the usual office operating expenses.

	2015-16	2016-17	2017-18
Beginning Cash	\$360,898	\$342,529	\$330,650
Revenues	\$35,447	\$32,293	\$35,575
Expenses	\$53,816	\$44,171	\$24,896
Ending Cash	\$342,529	\$330,650	\$341,239

Certifications Summary

Since the inception of the agency, the Hoisting Machine Operators Advisory Board has certified over one thousand crane operators statewide. During Fiscal Year 2017-2018, the agency certified 72 new operators and renewed 81 current operators for a total of 382 current HMOAB crane operators statewide.

	2014-15	2015-16	2016-17	2017-18
New Applicants	61	62	68	72
Renewals	53	42	52	81
Total Members	408	369	376	382
Response/48 hours	91%	95%	95%	95%

History, Purpose and Administrative Governance

The Hoisting Machine Operators Advisory Board was established by the Hawai'i State Legislature under Act 165 in 1998. The Hoisting Machine Operators Advisory Board operates as an attached agency of the State of Hawai'i Department of Labor and Industrial Relations.

The Board certifies operators of all construction crane and tower machines having a lifting capacity of one ton or more in the state. This power comes from definitions in Section 12-50-2 of the Hawai'i Administrative Rules (HAR). Under Sections 19 and 20 of the State Occupational Safety and Health Law and Chapter 396 of HAR, the Hoisting Machine Operators Advisory Board requires all operators using equipment covered by the American Society of Mechanical Engineers (ASME) B30.5 (mobile and locomotive cranes) to be medically qualified, pass written and practical training examinations, and possess practical experience in order to safely operate hoisting machines in the State. These requirements ensure a minimum competency level of operators, assure employers that potential workers comply with relevant state and federal standards, and provide safeguards for the public that buildings are constructed and maintained using best available practices. Enforcement is covered in section 12-110-50 of the Hawai'i Administrative Rules.

Prospective and renewing hoisting machine operators are required to submit an application for certification (found online at HMOAB.hawaii.gov), a current digital photograph of their head and shoulders, and pay the requisite fee of one hundred dollars (\$100) per year of desired State certification (up to the balance of their national certification but shall not exceed five years). New applicants must also pay a one-time, non-refundable application fee of fifty dollars (\$50). Replacement or reissued cards are supplied to current operators without cost.

Currently, HMOAB operates with a five-member advisory board, made up of representatives from organized labor and construction management firms, and are appointed by the Governor for four-year, staggered terms, and approved by the State Senate. While the Board of Trustees meet monthly, administrative and financial business for the agency are completed by an Executive Assistant, who serves at the direction of the Board.

For Further Contact

The Hoisting Machine Operators Advisory Board can be reached by calling (808) 586-8146 or emailing the office at HMOAB@Hawaii.gov. The Board meets publicly on the second Wednesday of each month (except December) in Room #114 at 1:30 p.m.