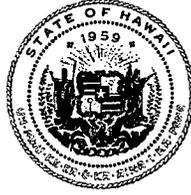


DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

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DEPUTY DIRECTOR

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STATE OF HAWAII
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December 8, 2017

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

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Twenty Ninth 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 Report for the fiscal year ending June 30, 2017, as required by section 396-20, 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,

Linda Chu Takayama
Director

Enclosures

**The Hawai'i Hoisting Machine Operators Advisory Board
2016-2017 Annual Report
For Fiscal Year Ending June 30, 2017**

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 tower and 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, 2016-2017, was a year of education and outreach for the Hoisting Machine Operators Advisory Board. There was also a change in personnel when Executive Assistant Melvin Chang was hired to staff the office to replace Executive Director Robert Armstrong who left as of June 30, 2016.

In December 2016, the HMOAB submitted the report requested by House Bill 2009 passed by the 28th Legislature of the State of Hawaii. The bill passed by the Legislature replaced the half-time executive director position with a half-time office assistant. In addition, the Legislature directed the HMOAB to submit a report to the Legislature detailing: 1) current and pending federal Occupational and Safety and Health Administration rules; 2) comparison of the state law and federal rules and regulations concerning hoisting machine operators; 3) administration of certification of hoisting machine operators in other states; 4) the existing Hawaii fee structure for certification; and 5) recommended changes to existing Hawai'i certification procedures.

The HMOAB report to the Legislature made three recommendations for the future legislation and rules: 1) Expand HMOAB's scope to include general industry which accounts for 37 percent of crane accidents according to accident data since 1987 compiled by Haag Engineering; 2) Amend §396-19(a), HRS, to permit the Board members to receive reimbursement for expenses thus removing a restriction to the Board's outreach and training especially to the Neighbor islands; and 3) Expand HMOAB certification to include certification for rigging and signaling which are critical parts of hoisting operations and personnel and would help to ensure public and worker safety.

The HMOAB new website went live in December 2016. The website allows crane operators to submit their application and make their payment by credit card on-line. The website was developed by the Hawaii Information Consortium. Fixes and improvements to the functions of the website are ongoing. Eleven applications were made online in this fiscal year.

The HMOAB hosted the 42nd Biannual Commissioners Meeting of the National Commission for the Certification of Crane Operators (NCCCCO) from May 2 to May 5, 2017 at the Ala Moana Hotel. On May 6, 2017 the NCCCCO held an Industry Forum on Personnel Qualifications at the ILWU Local 142 building on Atkinson Drive. The Forum featured sessions on the latest regulatory developments at state and federal level including the forthcoming OSHA certification requirement, NCCCCO's ethics and discipline process, and the latest certification trends and statistics. The meetings were opened to the public and the HMOAB ran newspaper and radio advertisements inviting people to attend the meetings. The HMOAB also sent letters to all certified operators in Hawaii and their employers inviting them to attend the sessions.

On May 10, 2017 the HMOAB sponsored a vendor's table at the 2017 Hawaii OSHA Workshop in the Pomaikai Ballroom at Dole Cannery in Honolulu. The annual workshop is sponsored by the Hawaii Chapter of the American Society of Safety Engineers.

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.

Joaquin Diaz is a member of the Hawaii Occupational Safety and Health Advisory Committee and has been a safety professional for more than nineteen years. Mr. Diaz is currently employed as a Director with Hawaiian Dredging Construction Company, Inc. and has a Masters in Management from the University of Phoenix in Honolulu. Mr. Diaz's term on the Board runs until June 30, 2017.

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

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 certified 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 Hawaii 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, 2020.

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 \$34,000 per fiscal year and an equal amount of expenses.

The decline in revenues after FY 2014-2015 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 usual office operating expenses.

	2014-2015	2015-2016	2016-2017
Beginning Cash	\$352,007	\$360,898	\$342,528
Revenues	\$43,451	\$35,447	\$32,293
Expenses	\$34,560	\$53,816	\$44,171
Ending Cash	\$360,898	\$342,529	\$330,650

Certifications Summary

Since the inception of the agency, the Hoisting Machine Operators Advisory Board has certified over one thousand different crane operators statewide. During Fiscal Year 2016-2017, the agency certified 68 new operators and renewed 52 current operators for a total of 376 current HMOAB members statewide.

	2013-2014	2014-2015	2015-2016	2016-2017
New Applicants	38	61	62	68
Renewals	44	53	42	52
Total Members	325	408	369	376
Response/48 hrs	89%	91%	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.ehawaii.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 is 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.