

Individual State Agency Fiscal Note

Bill Number: 2171 HB	Title: Crane safety	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	2.6	7.3	5.0	11.4	11.4
Fund					
Accident Account-State 608-1	475,985	612,668	1,088,653	1,618,921	1,601,530
Medical Aid Account-State 609-1	83,998	108,118	192,116	285,693	282,624
Total \$	559,983	720,786	1,280,769	1,904,614	1,884,154

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Sarah Beznoska	Phone: 360-786-7109	Date: 02/11/2007
Agency Preparation: Stephen Cant	Phone: 360-902-5430	Date: 02/12/2007
Agency Approval: Chris P Freed	Phone: 360-902-6698	Date: 02/15/2007
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/19/2007

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See Attachment

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See Attachment

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	2.6	7.3	5.0	11.4	11.4
A-Salaries and Wages	159,547	341,071	500,618	1,043,280	1,042,958
B-Employee Benefits	48,722	104,003	152,725	318,013	317,874
C-Personal Service Contracts					
E-Goods and Services	286,396	152,708	439,104	387,473	367,474
G-Travel	7,868	43,034	50,902	155,848	155,848
J-Capital Outlays	57,450	79,970	137,420		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$559,983	\$720,786	\$1,280,769	\$1,904,614	\$1,884,154

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2008	FY 2009	2007-09	2009-11	2011-13
Crane Safety Program Manager	75,000	1.0	1.0	1.0	1.0	1.0
Customer Service Specialist 2	31,056		1.5	0.8	2.0	2.0
Financial Analyst 3	44,664	0.1	0.3	0.2	0.4	0.4
ITS 5	60,036	0.5		0.3		
Safety and Health Specialist 4	49,272	1.0	1.0	1.0	1.0	1.0
Safety and Health Specialist 3	45,756		3.5	1.8	7.0	7.0
Total FTE's		2.6	7.3	5.0	11.4	11.4

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

See Attachment

Part II: Explanation

This bill requires the department to establish, by rule, a construction crane certification program and a construction crane operator certification program.

Construction crane inspections would be conducted yearly by third-party inspectors certified by the department. If the construction crane passes inspection, the certified third-party crane inspector will issue a temporary certificate of operation and the department will issue a final certificate of operation.

Construction crane operators would be required to obtain a valid crane operator certificate. The certificate must be issued by a crane operator testing organization which administers written and practical examinations. The crane operator testing organization must be accredited by a nationally recognized accrediting agency.

This will become effective January 1, 2010

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 3

Subsection 1 Requires the department to do rulemaking to establish a construction crane certification program.

Subsection 2 Establishes that the program will include:

- (a) Certification requirements for third-party inspectors.
- (b) A process for the issuance of certificates to crane owners.
- (c) Construction cranes to be inspected by the certified third-party crane inspector at least annually.
- (d) Tower cranes must be inspected prior to and after assembly.
- (e) Non-standard tower crane bases will have independent professional engineer review prior to certification.
- (f) Requires certified third-party inspectors to notify the department and the crane owner when deficiencies are found and prohibits the issuance of a certificate until deficiencies have been corrected.
- (g) Prohibits certified crane inspectors from inspecting cranes that they have a direct or indirect financial interest in.

Subsection 3 All construction cranes must have a valid certificate of operation issued by the department.

Subsection 4 Certificates issued by the department are valid for one year.

Subsection 5 Exempts maritime cranes that are regulated by the department.

Section 4

Subsection 1 Prohibits a crane operator from operating the crane unless they are a qualified crane operator.

Subsection 2 Requires the department to establish rules that must be met in order for a crane operator to be considered qualified that include:

- (a) The operator must hold a certificate for the type of crane to be operated issued by a nationally recognized accrediting agency.
- (b) The operator must have up to 2000 hours of documented crane operation experience, based on crane type and capacity as established by the department.
- (c) The crane operator must pass a substance abuse test.

Subsection 3 Includes exceptions for apprentice operators or trainees.

Subsection 4 Allows the department to accept another states operator certification if the department determines the credentialing is substantially similar.

Section 5

Directs the department to adopt the rules necessary to implement Section 1 through Section 4.

Section 6 - Makes the bill effective January 1, 2010.

II. B – Cash Receipt Impact

None

II. C – Expenditures

Assumptions:

Development of rules and computer programming changes need to begin in July of 2007, so they are complete on the effective date of the statute.

STAFFING COST

Currently we do not have specific numbers on how many cranes are operating in the state of Washington. We have a conservative estimate of at least 7,000 based on inquiries to crane rental companies, crane dealerships and construction company associations.

- Crane Safety Program Manager, beginning July 1, 2007, for rule development and to provide management and oversight for the new program. The manager will ensure the establishment and implementation of the certification process for certified third-party crane inspectors.
- One Safety and Health Specialist 4 (Crane Specialist), beginning July 1, 2007, for rule development and to provide technical oversight of inspection worksheets and make recommendations to the manager whether or not to issue a final certificate of operation.
- Since the bill will need to be fully implemented by January 1, 2010, one Customer Services Specialist 2 (CSS 2) will be needed by July 1, 2008 to begin entering

tracking certifications and third-party crane inspectors. A second CSS2 will be needed by January 1, 2009 to begin entering data from certified third-party crane inspector's worksheets submitted to the department.

- Seven Safety and Health Specialist 3s, starting January 1, 2009, are needed to geographically cover the state. Two inspectors will be located in King County where the largest concentration of construction cranes are located and one in each of the other five regions. The start time is needed to ensure that they receive the technical crane training required for this position. They will then investigate complaints related to cranes and do targeted inspection of construction sites with emphasis on crane safety. They also will provide oversight of the crane certification program.
- Standard travel expenses for field inspection staff (9,890 per FTE) and program manager is included.

The cost of permanent and project (temporary) FTEs includes salary and benefits as well as the agency standard costs associated with a new FTE which includes: The lease of office space, work unit (desk, file cabinet, etc) and furniture (if needed), telephone and communication expenses, training, travel and leased PC equipment. **It is also assumed that additional leased office space will be required with the approval of new FTEs. Therefore costs are included, prorated on a per FTE basis, to cover tenant improvements associated with acquiring the new leased space. Tenant improvements include one-time expenditures for GA real estate and architectural fees, phone and data wiring, copy room and conference room equipment and furniture, lunch/break room equipment, staff relocation, security system and other miscellaneous supplies.** A detail of these standard costs is available upon request.

INFORMATION SERVICES COST

Develop the database and software using the most current technologies to support an automated system that would certify third-party crane inspectors, record crane inspection results, track third-party crane inspectors.

Staffing Needs:

FTEs	Classification	Start Date/End Date	Permanent/Project
1	ITS5 – Project management and administration, analysis, decision making and customer interface	July 1, 2007 – January 1, 2008	Project FTE

Contractor Costs

# of Hours	Hourly Rate	Total	Task
200	80	16,000	Gather system requirements
1,500	80	120,000	Coding and unit testing
200	80	16,000	User verification and buy-off
50	80	4,000	Deployment
150	80	12,000	Post-deployment support
2,100	\$80	\$168,000	Totals

Equipment Needs:

Quantity	Item	Cost	Total
2	WADS development PC	\$1,895	\$3,790
4	Servers, one each for current environments	\$8,750	\$35,000

RULEMAKING

The department estimates \$21,000 for rulemaking cost for six hearings and approximately twelve stakeholder meetings. Hearing costs are shown at the end of Fiscal Year 2008.

PRINTING AND MAILING

One time cost of \$40,000 will be needed for printing and mailing of new rules. This mailing will go out in Fiscal Year 2008

On-going mailing cost of \$3,000 to mail approximately 7,000 certifications annually beginning in January 2009.

TRAINING

The department will need extensive training on crane safety to effectively review and access the quality of the crane inspection program and the third party crane inspector. The first year initial cost will be approximately \$3,000 per FTE for eight safety and health inspectors and one manager. On-going training would be \$1,500 per FTE.

Indirect Allocation Included In Cost Estimates

In addition to the direct costs estimated with this decision package, Labor and Industries (L&I) included funding to cover agency wide indirect FTEs and indirect costs for the Administrative Services and Information Services programs. A rate of 2.3 percent in Fiscal Year 2008 and at rate of 2.3 percent in Fiscal Year 2009 and beyond is applied to cost estimates for FTEs and the standard costs associated with the addition of new FTEs; the exception being the cost of equipment purchases. These indirect rates for Office of Safety and Health program are based on the cost allocation methodology adopted by L&I in 2003 (with the funding realignment approved in the 2004, 2005, and 2006 Legislative Sessions).

When the calculation of the direct costs is complete partial indirect FTE salary and benefits costs are calculated that can be supported within the constraints of the indirect rate used in this decision package. For these calculations salary and benefits are based on a Financial Analyst 3 (Range 50, Step G). The amount remaining after the salary and benefits are calculated is allocated in object E to provide goods and services for the indirect FTEs.

The amount received for the indirect FTE may not be sufficient to actually hire a new staff person. However, depending on the needs of the indirect activities this indirect funding could be used to pay current staff for overtime or extending or increasing the use of temporary and seasonal employees. Expenditures of these types are reflected as FTE usage in the statewide AFRS reports.

Depending on the needs of the agency, activities covered by the indirect funding include the handling and processing of vendor payments and payroll; equipment purchase, delivery, inventory, storage and set-up; technical assistance to employees; desk-top and network support; internal IT systems support; contract administration; legislative services and public affairs; library; public disclosure; personnel and employee services; budget; accounting; facilities management; and other indirect support services functions.

The amount included in this fiscal note for indirect is:

Fund Name, Fund #	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
608 -1 Accident Fund State	\$6,393	\$12,245	\$18,394	\$18,003	\$18,003	\$18,003
609 – 1 Medical Aid Fund State	\$1,129	\$2,162	\$3,247	\$3,177	\$3,177	\$3,177
Total	\$7,522	\$14,407	\$21,641	\$21,180	\$21,180	\$21,180

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Rulemaking will be required by Section 3 to establish a construction crane certification program that includes; provisions for certifying third-party crane inspectors and crane inspection criteria.

Ruling making will be required by Section 4 to adopt rules setting the criteria for qualified crane operators.