

HEALTH AND SAFETY: *Meeting the Challenges of Tough Times*

BY LEE SCHALLER



Fall protection on a Hawaiian Dredging project

Just about everyone we spoke with for this in-depth report agrees on one point: the difficult economic times pose increased challenges for health and safety issues. What these challenges encompass may vary from company to company, but the issue is there – on the conference room table, at the jobsite, in company meetings and ultimately, in the bids you win or lose and the financial bottom line. Here is a look at what is happening out there:

COMMITMENT OR COMPROMISE?

“Unfortunately, the term ‘safety first’ has taken on a new meaning as safety is the first area to receive a direct impact from budget cuts,”

says Tristan Aldeguer, CHST, regional safety manager, dck pacific construction, LLC. Which means, he points out, “In the current economic climate, one of the major challenges has been maintaining manage-

ment’s commitment to health and safety. Safety professionals in our industry are beginning to notice that contractors large and small have consolidated or eliminated the safety (director) position. These

companies have taxed their HR (human resources) manager or operations managers with the dual responsibility of also managing the safety program. Safety organizations such as the American Society of Safety Engineers (ASSE) and Veterans of Safety (VOS) have identified the need to educate this new class of safety practitioners. For example, the ASSE is sponsoring the 11th Biennial Governor’s Pacific Rim Safety and Health Conference May 5 through 7, which includes courses designed to help the newly designated safety practitioner.”

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*Tristan Aldeguer, CHST,
regional safety manager,
dck pacific construction, LLC*

Joaquin Diaz, CSP, safety director of Hawaiian Dredging Construction Co., Inc., says, “Construction companies often are quick to overlook safety in a challenging and competitive environment. For some, the nature of their practice is to get the job and complete it as quickly as possible while making money — often compromising safety and quality. Safety needs to be an integral part of an organization’s operations, not an afterthought. It has been statistically shown that companies can be successful, profitable and able to deliver quality products without impacting the safety and health of their employees. There are significant cost impacts to organizations that do not address unsafe work practices and conditions. Consider the average cost of an injury in Hawaii’s construction industry — \$11,000 in 2007 according to Hawaii’s work comp book. These costs per claim are not covered by insurance if they are below the deductible paid for by work comp insurance. If they are above the deductible, then an

organization must concern itself with the potential future impact to insurance premium costs as the experience modifier is adjusted.” Diaz also mentions “the lack of qualified and quality safety directors who understand the business of construction,” explaining, “This has been a challenge for many years and has not been addressed by safety professionals until recently. In the past few years, we have taken a look at ourselves and determined that our growth is essential to the success of the profession and supporting industry. Many safety professional development programs incorporate business management practices and tools,” he says, such as the aforementioned Governor’s Pacific Rim Safety and Health Conference. “And the Veterans of Safety has developed a group to mentor safety professionals young or seasoned, in becoming more effective.”

Kristi Koga of Koga Engineering & Construction, Inc. also underscores the importance of not compromising the safety budget — even in a down economy. “There are many costs



Above, dck pacific’s Nathan Asato explains where to make a cut.

Below, first aid/CPR training at Koga Engineering & Construction, Inc.





Andy Hahto of Absher Construction Company, a Lawson & Associates client, installs an ICF (insulating concrete forms) wall at a Schofield Barracks complex project.

associated with getting a job done safely," she says. "Safety equipment, certifications and training are all part of the safety budget and ensure that employees are working safely on the jobsite. Some companies may choose to forego these costs to help keep their projects under budget during these difficult economic times."

THE CONSEQUENCES OF CUTTING CORNERS

"There are several trends that have emerged over the past year," says Tracy Lawson, CSP, CHST, "that I feel are rooted in the current state of the economy as well as in a longtime lack of understanding of the legal obligation for workplace safety and health and the true benefit of a well-run risk management program." Lawson, principal of Lawson & Associates, a professional safety management firm, points out, "In the first month of this year, we already have seen three serious accidents in the construction industry involving falls. In my opinion, this rapid increase in the frequency of critical incidents stems from employers cutting corners on safety to achieve low bidder status, the lack of enforcement by HIOSH, the Hawaii Occupational Safety and Health division of the state

Department of Labor and Industrial Relations (DLIR), due to a significantly reduced compliance officer cadre and employers' failure to fully grasp their obligations under the law as well as (realizing) the big picture benefits of safety." Explaining her concerns in more detail, Lawson says, "We always have had an issue with contractors who do not understand or consistently manage their safety responsibilities under the law. Every contractor should be aware of HRS 12-110 general safety



Lyle Hoffman and Kevan Sutch of San Juan Construction, another Lawson & Associates client, work on an Army Reserve project at Fort Shafter.

and health requirements and the duty to provide a safe and healthy workplace." This includes, for example, a written safety and health program for all employers with 25 or more employees and doing work within the state in excess of \$100,000.

"In an economy that is challenging employers to be lean and efficient, those who cut back on safety under the false impression that this is saving money, actually are creating the opposite effect and in essence, are opening themselves up to a potential situation that could destroy their business."

Tracy Lawson, CSP, CHST,
Lawson & Associates

"Employers should understand," Lawson stresses, "that even though the HIOSH cadre of compliance safety and health officers (CSHO) has been significantly reduced, this does not lessen their obligations as employers and should not impact their emphasis on safety. In an economy that is challenging

employers to be lean and efficient, those who cut back on safety under the false impression that this is saving money, actually are creating the opposite effect and in essence, are opening themselves up to a potential situation that could destroy their business. Ask any employer who has had a serious accident or fatality — the regulatory fines, civil lawsuits, increase in insurance costs, effect on reputation and ultimate personal and moral impact are far too great a price to pay."

THE HEALTH OF HIOSH

"The major issues that we of the General Contractors Association of Hawaii (GCA) safety committee feel need addressing immediately include proper funding of HIOSH," says Lewis Boucher, CHST, OHST, safety chair of the GCA safety committee. "We went through a major storm last year when the Hawaii State Legislature threatened to remove funding for our state run program. HIOSH can be a great tool to assist companies that are trying to gain compliance with OSHA regulations but don't have the money or resources available. Loss of funding for HIOSH would mean the loss of a valuable asset for the smaller businesses as well as some of the larger businesses that have not bought into the safety concept."

"The concern in the safety community here in Hawaii," says Sean Tanaka, CHST, STS, safety director, Watts Constructors, LLC, "has been the fate of HIOSH. The state's down economic climate has hampered and overstretched HIOSH not only on Oahu but on all the islands in construction and the general industry area. Will one entity, the federal OSHA (Occupational Safety and Health Administration) be able to handle the extra workload in addition to its already hectic schedule? Whatever the outcome, we as contractors still will strive to make sure we provide a safe work environment for our workers."

Hawaiian Dredging's Diaz, says, "The HIOSH program has been limited in its capabilities as a result of budget cuts and fiscal restraints

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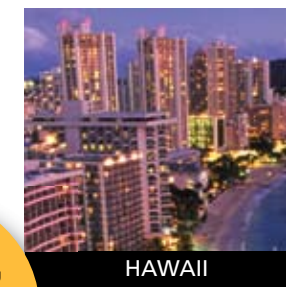
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Darwin Ching (left), DLIR director, and Jamesner Dumlaio, HIOSH operations manager, at an industry event

over several years. The fine men and women of DLIR and HIOSH are doing what they can with limited resources. This limitation in budget and staffing can have an impact towards its effectiveness in the long term if they cannot help consult with small businesses in developing safety and health management programs, increase cooperative partnerships or certify sites under SHARP (Safety and Health Achievement Recognition Program) and VPP (Voluntary Protection Program). The construction industry is well represented in providing a voice to government to strengthen HIOSH. Rey Burgess and I are chair/vice chair, respectively of the HIOSH Advisory Committee."

We asked Jamesner Dumlaio, operations manager of DLIR's HIOSH division, about the concerns of the industry regarding HIOSH's funding and budget cutbacks. "As with all state agencies," he says, "and divisions within those agencies, HIOSH has been affected by the budget cuts brought on by an unprecedented global economic crisis. In response to this crisis, HIOSH is now focused on performing its core function — enforcement — in the most efficient manner. No cuts were sustained to HIOSH's existing safety and health compliance officers. We are actively working with federal OSHA and our community partners to ensure that HIOSH emerges strong from this temporary economic downturn."

WHAT ELSE WORRIES US?

"During this tough economic time," says the GCA's Boucher, "a lot of companies are looking to the military to help them weather the downturn in the construction sector. Those companies that never had to perform military work are severely behind in meeting the strict requirements of the military for on-site safety representation. Training, experience both in the construction field as well as in recognition of hazards, are not traits easy to come by within the safety profession. Some companies are having to learn the hard way to embrace the safety culture or lose jobs."

You need to know: "The Navy has put forth new requirements for qualifications of site safety and health officers," Boucher tells us, "which require all site safety personnel to attend a NAVFAC (Naval Facilities Engineering Command) 40-hour training (course) that not only covers the OSHA 30-hour course requirements but also what the Navy requirements are based on (the safety and health requirements manual) EM385-1-1 2009. The GCA, in conjunction with the BIA (Building Industry Association of Hawaii) and ABC (Associated Builders and Contractors, Hawaii chapter), is helping to put on training classes for the construction community to help companies meet the new requirements. We also created a best management practices committee whose main purpose is to share best practices from the larger companies with our committee members who include not only general contractors but subcontractors and tiered subcontractors as well."

"The urgent issue in health and safety right now is the EPA's (Environment Protection Agency) ruling on lead abatement," says Karen Nakamura, executive director of BIA Hawaii.

You need to know: "Buildings built prior to 1978 must be tested for lead paint prior to being renovated,"

explains Nakamura. And the renovator must be certified by the EPA in lead safety for renovation, repair and painting whenever more than 6 square feet is disturbed by renovation or maintenance activities. As a practical matter, companies must have a certified renovator on each job site. "This rule goes into effect on April 22, 2010," Nakamura advises. "Hawaii has one trainer who is EPA-certified to train renovators for the certification they need. The BIA Construction Training Center will be offering training for this certification throughout the year." In addition, she says, "The Hawaii Safety Alliance is providing training for the certified safety officers required on site for federal projects. This requirement ramps up the demand since federal projects are what are fueling our economy right now. **Federal contractors require safety plans that are project specific in order to award and accept bids.**"

WHAT'S THIS?

There are several proposals being considered by the Legislature that merit your attention. For example:

- "Legislators are proposing family leave be paid by workers' comp," says Nakamura. "This is a bad bill because it raises the premiums on work comp claims."

You need to know: HB2258 HD1 creates a family leave insurance fund to be administered by DLIR under the workers' compensation statute and amends the definition of injuries covered under the workers' compensation statute to include family leave. "Work comp premiums are categorized by the type of work the employee does and the risk of getting hurt in whatever type of work is done," explains Nakamura. "For example, the work comp premiums for roofers because of the hazardous nature of the work, is 100 percent of their wages. If a roofer, then claims family leave, this will become a registered claim against the employer's usage record and

affects the experience modification as a loss. To have family leave paid under workers' comp is an exorbitant burden on employers. No business can sustain this type of cost."

- Nakamura and Dick Botti, president of LISH (Legislative Information Services of Hawaii) and publisher of the LISH Report, mention another proposed bill which would raise the threshold for work done by a handyman from \$1,000 to \$2,500.

You need to know: This is HB2554/SB2707. "If the handyman exemption is raised," says Nakamura, "legislators will be sending a very strong message to the industry. All construction workers are trained 'handymen.' They have the skills to do the work without a license. With unemployment as high as it is in our industry, handyman work is the greatest source of income. Combined with the 75 percent of unemployment compensation, their take home pay is higher than being employed. Furthermore, this encourages commercial properties to use handymen to get the work done cheaper without a license."

Botti alerts us to a couple of other proposed bills with potential impact:

You need to know:

- HB2899 establishes a construction site inspection task force to be led by the Department of Commerce and Consumer Affairs to investigate and inspect construction sites for unlicensed contractors, illegal workers and workplace safety violations.

- HB2897 subjects a contractor to revocation or suspension of license for knowingly or intentionally employing a person who is not eligible to work in the United States under federal law to perform work on any project or operation.

DLIR says it has been pursuing egregious violators more aggressively than in any time previously. "Specifically," Dumlaio says, "HIOSH currently is prosecuting a willful violation for repeated fall protection violations involving the same employer." A "willful violation" exists

when the evidence demonstrates "an intentional violation of the law or a plain indifference to its requirements." HIOSH has not prosecuted a willful violation since 2002.

PARTNERSHIPS AND PROGRESS

"In challenging economic times," Dumlaio emphasizes, "investing in and maintaining resources committed to worker safety is a critical challenge to many in the construction industry. Many often view safety as a correlative duty that can be sacrificed at the expense of the financial bottom line. Ironically, businesses that continue to invest in and maintain worker safety programs often stand the best chance of surviving a downturn. Investing in safety is an effective means of realizing cost savings in lower insurance rates, lower workers' compensation costs, lower loss of production costs due to injury and enhanced employee morale. Safety is integral to the bottom line and can give a company a competitive

edge." What more can industry members do? "Tough economic times put a strain on resources devoted to worker safety training," answers Dumlaio. "Actively seeking creative ways of leveraging limited resources for worker safety training such as partnering with trade organizations, unions or other businesses will pay dividends."

Shortly after he became DLIR director, Darwin Ching told us that industry partnering and preventative education were primary goals. Progress? "During Director Ching's tenure," says Dumlaio, "the Department of Labor has made great strides in partnering with safety professionals and organizations to proactively reach out to the community." He cites as examples the May 2008 Governor's 10th Biennial Pacific Rim Safety and Health Conference jointly sponsored by HIOSH and ASSE. "The Hawaii chapter of ASSE won the 2009 Small Chapter of the Year Award in recognition of its outstanding community outreach,

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A POSITIVE PROGNOSIS

"In these tough economic times, companies are faced with having to make difficult decisions dealing with budget cuts, reductions in staff, collateral duties and, in some cases, elimination of programs," says Ryan Hayashi, CHST, CRIS, risk control consultant for Risk Solution Partners. "Unfortunately safety is not immune from this situation and in some cases, is the first area to be scrutinized. Monies and time that are set aside throughout the year for safety training, equipment and related programs, now are sometimes seen as expendable items. However, while contractors ride out these tough upcoming months, I see it as an opportunity to tap into available resources to strengthen their safety programs. For example:

- "Address core employees. For the most part, your crew during tough economic times represents your key personnel. Ensure that this core group is meeting all training requirements of OSHA regulations. Identify and train any individual who will act as your 'competent persons' on future jobs. As defined by OSHA, your 'competent person' shall have training and experience in particular areas (such as scaffolding or fall protection) and the authority to take prompt corrective action. Be sure required certifications are up to date. Have your foremen and key people complete an OSHA 10 and 30-hour class.
 - "Involve upper management. One of the strongest messages sent to employees about the importance of safety is the support and involvement of upper management. This demonstrates a strong commitment to safety no matter what the economic situation.
 - "Utilize available outside resources. There are many excellent safety consulting companies. Associations also are a great place to turn to. See what your workers' compensation carrier can assist with. Most of them have loss control representatives and even safety professionals available to you.
- "The bottom line is despite the economic downturn, companies still have the moral obligation and legal responsibility of ensuring the safety of their workers."



A Gentry Homes crew observes safety measures at DHHL's (Department of Hawaiian Home Lands) Kanahili Phase 2 project in Kapolei. Gentry is a client of Risk Solutions Partners.

including work on the conference and many contributions to the safety profession." Dumlao also mentions the Hawaii Safety, Opportunity and Sustainability Conference which was held in September 2008, and the May 2009 OSHA Hawaii workshop with HIOSH and ASSE partnering to address topics such as workplace health hazards, job hazard analysis, the H1N1 influenza and HIOSH's most frequently cited code conditions. "Through its Pathways to Success workshops, the department reached out to new managers, human resource specialists or supervisors finding themselves with the added responsibility of their company's workplace health and safety," Dumlao explains.

"HIOSH partnered with Dick Pacific Construction, Island Insurance, Risk Solution Partners and the Veterans of Safety to develop and provide module-based training which resulted in the awarding of certificates. HIOSH also used Pathways to Success to reach out to the Department of Education (DOE)."

MORE GOOD MEDICINE

Bob Peterson, branch manager for GP Roadway Solutions, a member of the Grace Pacific family of companies, says falls still are a main concern in the health and safety area. "We've had several lately," he says, adding, "also, people get complacent. They feel it's not going to happen to me. We supply all kinds of safety

equipment," he says, "from hard hats to tie-off gear. This equipment is issued to all employees and they need to wear it." With the tight marketplace and increased competition for work, "Some companies look for shortcuts, plus, if they lose a piece of safety gear, they may not have the money to replace it." Peterson says there are "newer, better" fall protection products on the market (and carried by GP) as well as products that are more eco-friendly.

Cliff Higa of Safety Systems Hawaii, Inc., says, "Fall protection is still the priority in Hawaii. Some companies think they can get away without doing what needs to be done in the safety area. But safety is very important, especially with the

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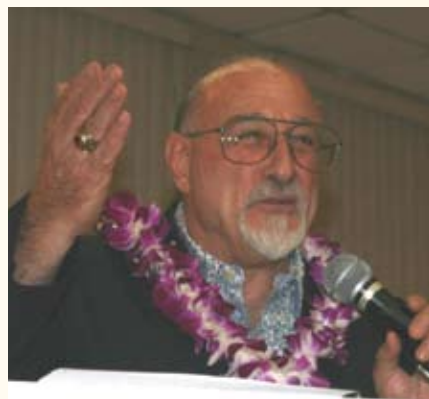
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increased competition for work. If you don't have a good safety record you cannot even be considered for military work. You have to look at the big picture." Higa says his company is doing more OSHA classes for the general industry. In newer safety gear, he mentions the Class 2 ANSI (American National Standards Institute) safety vests now required by the military, state, and city and county and the Angel Anchor System, designed to provide a single tie-off point on a rooftop job, with no roof penetration.

In the safety efforts of individual industry companies, dck pacific's Tristan Aldeguer says, "During the last three years, our incident rates have decreased significantly. Our safety and health performance in 2009 was a historic best for us with no lost-time accidents. Last year, we received a safety award from the GCA for 'Best in Category' working 750,000 man-hours. I am grateful for the support of our CEO Stephen D'Angelo and executive vice president/general manager Roger Peters. Their commitment sets the tone for the successful safety and health culture within the organization."

"Safety comes down from the



Joseph Ferrara, ABC Hawaii safety chair and immediate past president



Family photos on the wall at Watts Constructors are a powerful reminder of the importance of working safely.

top," says Joseph Ferrara, safety committee chair and immediate past president of ABC Hawaii. "At ABC, we stress safety in everything we do — it's extremely important, especially in a multitrade organization such as ours." One of ABC Hawaii's most visible safety venues is its Safety Training and Evaluation Process (STEP) program wherein members conduct a self audit of their safety programs, identifying areas of improvement and achievements which are recognized by the chapter and often receive national ABC recognition as well. In addition, the program can result in lower workers' comp premiums and fewer OSHA violations. "We want safety programs that are above what HIOSH and OSHA require," he says. Ferrara, who is president of Consolidated Painting, says safety training also is a vital component throughout his own company and on every project, again stressing that it has to begin with the commitment of management.

"Workers reflect their bosses," agrees Hawaiian Dredging's Joaquin

Diaz. Regarding his own company, Diaz says, "In 2009, we updated our corporate safety and health manual, reaffirming safety as a core business value. We also conducted orientations on the new manual, developed in-house mentoring for the safety staff and we created an audit system to measure proactive safety management. With these changes, we worked 780,000 hours without a lost-time injury and 290,000 man-hours without a recordable injury."

"Watts Constructors has been refining its skills on getting people to understand that safety is paramount," says Sean Tanaka. "In 2009, we launched a humanizing safety program on all of our Hawaii projects with the message, that 'why we work safely,' is not just because it is a rule or will hurt our company stats. It is because of all the people behind each of you (our employees). We asked all of our project people to bring in a photo of someone who would be affected if they did not come home from work. The message got through." **BI**

Ewa Park Expanding



A groundbreaking for new facilities at Ewa Mahiko District Park, including a new gym, play courts and parking lot, was held in January.

The City & County of Honolulu broke ground on Jan. 11 for the \$8.3 million expansion of the Ewa Mahiko District Park, located at the site of the old Ewa Sugar Mill.

Mayor Mufi Hannemann said at the blessing ceremony, "We're very proud to announce this project, which will provide much-needed recreational facilities to a rapidly growing part of Oahu. Coupled with the city's extension of Kapolei Parkway and other improvements

we've made in recent years, this project will add immeasurably to the quality of life in Ewa and Kapolei."

Construction — which will be done by general contractor 57 Builders, Ltd. — will include a 10,440-square-foot gymnasium, multipurpose building, two basketball courts, four tennis courts, two volleyball courts, lighting for all courts, accessible walkways, and a 235-stall parking lot with lighting and irrigation.

Yamasato Fujiwara Higa & Associates

is the architect of the project, which is expected to be completed in late 2011.

Kurt Fevella, chairman of the Ewa Neighborhood Board, added, "This is welcome news. We've been looking forward to having more park facilities in Ewa, especially a gym and play courts, and we're grateful to Mayor Hannemann and the City Council for their support. These facilities will give our young people and the entire community a gathering place for their sports and recreation activities."

BIA Show Draws Record Crowd

No wonder they call it "The Big Show." A record-breaking 20,059 guests attended the 16th annual BIA (Building Industry Association of Hawaii) Home Building & Remodeling Show, held Jan. 29 through Jan. 31 at the Neal Blaisdell Exhibition Hall. According to BIA Hawaii, this year's attendance reflects more than a 10.7 percent increase over the 18,119 show attendance in 2009.

More than 100 of Hawaii's top contractors, suppliers, building industry experts and associates were featured in the show.

BIA Hawaii reports that its most popular exhibits showcased photovoltaic solar panels, windows, solar hot water heating and sustainable materials that offered low maintenance and energy savings to homeowners. The top sustainable material categories were flooring,

cabinets, countertops and landscaping.

The "Remodel It Right Panel" presentation was among the most popular events at the BIA show. Attendees learned the basic elements of architecture, general contracting, contractor licensing, permitting and financing.

The "Meet the Experts" roundtable discussions introduced attendees to "Back to Basics 101," where they learned kitchen design, bathroom design, windows, lighting, interior design and accessibility.

"We are thrilled at the positive response and our exhibitors are very excited to start the new year with this level of interest from the commercial and residential markets at the 2010 BIA Home Building & Remodeling Show," says Karen Nakamura, BIA-Hawaii CEO. "For many people, their home is their most valuable asset



The 16th annual BIA Home Building & Remodeling Show boasted 150 exhibitors offering the newest products, services and ideas for every possible price range of residential remodeling projects.

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