



Board Summary Report

Date: December 26, 2017
To: Board of County Commissioners
Through: Dave Schmit PWD Director
From: Joe Richards PWD Building Division Manager
Subject: **Contractor Licensing**

Request and Recommendation

This agenda item is to recommend and request that the BOCC, pursuant to CRS 30-11-125, establish a building contractor licensing program as set forth in the attached proposed Resolution. This program would require contractors working in unincorporated Arapahoe County to obtain a building contractor license under the program and to carry basic liability insurance before they can provide contractor services in the County.

Background

Contractor licensing will be conducive to the public welfare and the Arapahoe County as a whole. Licensing will provide basic protection for residential home owners as well as the commercial developers. Proof of insurance will not only give the customer some assurance that the contractor carries liability insurance, but will also be a benefit to the County as the County will be listed as an additional insured.

The resolution will stipulate that the contractor has a minimum and measurable level of experience.

Building contractor licensing requirements have been adopted in all the surrounding jurisdictions. A licensing program for Arapahoe County will contribute to the contractor’s understanding of their responsibility to the people of Arapahoe County.

Links to Align Arapahoe

Service First:

This Resolution will allow the Building Division to monitor the quality of contractors servicing our citizens, along with providing information of insurance coverage by naming Arapahoe County as the “additionally insured” party, and giving the customer access to the information in case of a dispute.

Fiscal Responsibility:

This Resolution will help cover more of the regulatory costs of development compliance, and relieve stress on the General Fund.

Discussion

The State does not have a Register of Contractors Division but has given the County the authority under CRS 30-11-125 to establish the registration of contractors for the protection of the public.

As part of this proposal other jurisdictions were canvassed and found to have a system in place that fit the environment in which they work. Provisions have been included that reflect the needs of the County at this time, leaving room for adjustments as the culture of our community matures.

CONTRACTOR LICENSE FEES AND REQUIREMENTS

Arapahoe County Public Works Department
Building Division • 6924 South Lima Street Centennial Co. 80112
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The proposed licensing resolution will require that building contractors obtain the following licenses as applicable:

- a. CLASS "A" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, tenant finish or repair of any type or size of structure permitted by the International Building Code or the International Residential Code.
- b. CLASS "B" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, or repair of multi-family (3 or more units) structures as permitted by the International Building Code or the International Residential Code.
- c. CLASS "C" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, or repair of single-family homes, townhomes (up to three floors), duplexes, basement finishes and remodeling as permitted by the International Building Code or the International Residential Code.
- d. CLASS "D" Building Contractor. This License shall entitle the holder to contract for the construction, alteration and repair of: wood framing (detached garages, carports, exterior decks, patio covers, gazebos, pergolas), demolition, painting and drywall, concrete, masonry, roofing/siding, pools/spas, demolition, excavation, sign installation, residential elevator installation, and mobile home installation.

- e. CLASS "A" Mechanical Contractor. This License shall entitle the holder to perform any work in the heating, ventilation and air-conditioning trades in both residential and non-residential buildings
- f. CLASS "B" Mechanical Contractor. This License shall entitle the holder to perform any work in the heating, ventilation and air-conditioning trades in residential buildings and that does not involve mechanical refrigerating systems and equipment.
- g. Fire Alarm Systems Contractor. This License shall entitle the holder to perform fire alarm and suppression systems installation.

These contractor licensing requirements will require the following experience/certifications for the types of license:

- a. Class "A" and Class "B" Building Contractors shall be required to furnish proof of ICC Building Contractor CLASS "A" or "B" certifications or equivalent certification by a recognized state or national certification entity.
- b. Class "C" Building Contractors shall be required to furnish proof of ICC Building Contractor CLASS "C" certification or equivalent certification by a recognized state or national certification entity.
- c. Class "D" Building Contractors shall be required to furnish proof of any required ICC certification for the respective trade or equivalent certification by a recognized state or national certification entity and shall be required to furnish proof of at least one (1) year experience in the respective trade.
- d. Mechanical Systems Contractors shall be required to furnish proof of ICC Building Contractor CLASS "A" or CLASS "B" certification or equivalent certification by a recognized state or national certification entity or similar licensing by a state or local governmental entity in Colorado or another state in the United States.
- e. Fire Alarm Systems Contractor shall furnish proof of at least one (1) year of experience in the fire alarm systems installation trade or proof of an active NICET Level II fire alarm certificate.

Additionally, contractors will be required to provide proof of insurance providing coverage in the minimum amounts of \$2,000,000 (single occurrence) coverage for all Contractors holding a type A or B certification and in the minimum amounts of \$1,000,000 (single occurrence) coverage for all other Contractors required to obtain a License under this Resolution. Workers' Compensation coverage is required when required by state law.

Fees with insurance certification will be due January 1st of each year. No mid-year prorating of fees. The following fee schedule is proposed:

- a. Class "A" and "B" Building Contractor: \$300.

- b. Class "C" Building Contractor: \$175.
- c. Class "D" Building Contractor: Roofing systems: \$75.
- d. Class "A" and "B" Mechanical Systems Contractor: \$150.
- e. Fire Alarm Systems Contractor: \$125.

Background

Contracting State Statute.

(1) As used in this section, unless the context otherwise requires:

(a)(I) "Building contractor" means a building contractor who for compensation directs, supervises, or undertakes any work for which a county building permit is required. A county licensing program established in accordance with the provisions of this section shall exclude from the definition of "building contractor" any person whose sole function in the work for which a county building permit is required is to perform labor under the supervision or direction of a building contractor.

(II) "Building contractor" shall not include an electrician required to be licensed by the state pursuant to article 23 of title 12, C.R.S., or a plumber required to be licensed by the state pursuant to article 58 of title 12, C.R.S.

(b) "County" means any county or city and county in the state.

(c) "Municipality" means any home rule or statutory city or town in the state.

(d) "Person" means any individual, corporation, limited liability company, partnership, association, or other legal entity.

(2) Subject to the requirements of this section, any county that has adopted a building code may establish a licensing program to require a person who engages in the business of being a building contractor within the unincorporated areas of the county to obtain a license from the county prior to engaging in the business. The county may develop the licensing program in accordance with the requirements of this section, and any such program may include one or more of the following:

(a) Procedures that a building contractor would follow in order to obtain or renew a license, including the submission of any documentation or information as may be required by the county;

(b) A requirement that the building contractor achieve a passing grade on a nationally recognized examination promulgated by the international code council that is commonly used and accepted in the industry;

(c) Specification of the duration of the license issued by the county;

(d) Subject to the requirements of subsection (3) of this section, the imposition of a reasonable fee to be charged by the county to a building contractor to cover the costs of any testing required to be performed by the county, the processing of the application, or any other costs incurred by the county in connection with the issuance or renewal of a license; or

(e) Grounds for the revocation or suspension of a license issued by the county, grounds for the revocation or suspension of a building permit issued for a project for which the building contractor is found not to be in compliance with the county's licensing requirements, or grounds for the imposition of any lesser sanction, which shall be based on objective standards and criteria developed from the county building code, and procedures to be followed by the county in carrying out the revocation, suspension, or other sanction based upon such grounds, including a process for appealing any sanction so imposed.

(3) Any county that establishes a licensing program pursuant to this section shall issue a license to a building contractor holding a valid license issued by another county or municipality in the state without requiring the building contractor to take or achieve a passing grade on any examination conducted by the

county if the license issued by such other county or municipality required the building contractor to achieve a passing grade on a nationally recognized examination promulgated by the international code council commonly used and accepted in the industry. In the case of a building contractor holding a valid license issued by another county or municipality in the state, the fee charged by a secondary county for issuance or renewal of a license in accordance with the requirements of this section shall be reasonable and limited to costs incurred by the secondary county in processing the application and otherwise administering the issuance or renewal of a license required by this section.

(4) If a building contractor applying for a license complies with the requirements for obtaining a license established by the county, the county shall issue a provisional license to the building contractor no later than seven business days after the building contractor has submitted a complete application.

Notwithstanding the provisions of subsection (5) of this section, any failure on the part of the county to issue a non-provisional license within forty-five days after submission of a complete application to a building contractor who has otherwise satisfied all other requirements for obtaining a license shall not preclude the building contractor from engaging in the business of being a building contractor and applying for a building permit for unincorporated areas of the county.

(5) Except as otherwise provided in subsection (4) of this section, no person shall engage in the business of being a building contractor within the unincorporated areas of any county that has adopted a licensing program created pursuant to this section unless the person holds a valid license issued or recognized by the county in accordance with the requirements of this section.

(6) Notwithstanding any other provision of this section:

(a) The provisions of this section shall apply to any licensing program operated or administered by a county that is in existence as of August 3, 2007. Any licensing program operated or administered by a county as of August 3, 2007, that satisfies or is amended to satisfy the requirements of this section is hereby ratified as compliant with the requirements of this section and need not be reestablished by the county.

(b) Nothing in this section shall be construed to require any individual to hold a license to perform repair or maintenance work on his or her own property, nor shall it prevent a person from employing an individual on either a full-time or a part-time basis to perform repair or maintenance work on his or her own property who is not licensed under the provisions of this section.

Concurrence

Verbal communication with the local contractors has been going on for some for the past six months, culminating in a meeting of the ADSCC on September 13th 2017 at which time no objections were made to the proposed changes. The comments were all positive.

Reviewed By

Joe Richards, Building Division Manager, Public Works and Development

David M. Schmit, P.E., Director of Public Works and Development

Todd Weaver, Finance Department

Robert Hill, Senior Assistant County Attorney

RESOLUTION NO. _____. It was moved by Commissioner _____ and duly seconded by Commissioner _____ to adopt the following Resolution:

WHEREAS, Section 30-11-125 of the Colorado Revised Statutes (CRS) provides that any County which has adopted a Building Code may require that persons who engage in the Building Contractor business first obtain a License from the County prior to providing Building Contractor services within the incorporated territory of the County; and

WHEREAS, said CRS 30-11-125 authorizes Counties to include provisions in such licensing programs to, among other things, establish procedures for obtaining and renewing such License, establish testing and certification requirements for a License, establish a reasonable fee to cover the costs of the licensing program, and to specify grounds for revocation or suspension of such License; and

WHEREAS, Arapahoe County has adopted and enforces the current International Building Code (IBC) and the current approved IBC amendments and the current International Residential Code (IRC) and the current approved IRC amendments in Arapahoe County; and

WHEREAS, the Arapahoe County Building Division has received inquiries from residents regarding levels of experience, insurance coverage for, and the licensure of Building Contractors operating in unincorporated Arapahoe County; and

WHEREAS, the Building Division of the Arapahoe County Public Works and Development Department has recommended that the Board adopt a Contractor Licensing Program, as authorized under statute, to require Contractors to maintain certain minimum levels of insurance coverage and have a minimum level of experience in order to provide building services to the public, and to maintain a list of approved Contractors; and

WHEREAS, the Board finds that adopting a Contractor Licensing Program to ensure that Building Contractors operating within the unincorporated territory of Arapahoe County have all required and applicable certifications, have an appropriate level of experience to engage in the business, and carry liability insurance will serve to protect the public health, safety, and welfare of County residents;

NOW, THEREFORE, the Board of County Commissioners of Arapahoe County, Colorado hereby resolves to adopt the following Contractor Licensing Program applicable to the unincorporated territory of the County:

**BUILDING CONTRACTOR LICENSING PROGRAM
FOR UNINCORPORATED ARAPAHOE COUNTY**

Definitions

1. As used in this Resolution, the following terms shall have the following meanings:
 - a. Board of Review means the duly appointed Board of Review for Arapahoe County, Colorado as provided in CRS 30-28-206.

- b. Building Code or Arapahoe County Building Code means the Building Code duly adopted and in force in the unincorporated territory of Arapahoe County, Colorado.
- c. Building Contractor means any person who for compensation directs, supervises, or undertakes any work for which a building permit is required under the Arapahoe County Building Code.
- d. Building Official means the Arapahoe County Building Division Manager.
- e. Person means any individual, corporation, limited liability company, partnership, association, or other legal entity.
- f. Individual means an individual human.

Licensing Requirements and Prohibitions

- 2. No person shall engage in the business of a Building Contractor, performing any building, construction, remodeling or other services for which a building permit is required under the Arapahoe County Building Code in the unincorporated territory of Arapahoe County without first obtaining a License from the Building Division of the Arapahoe County Public Works and Development Department.
- 3. No Building Contractor shall perform any building, construction, remodeling, or other work for which a building permit is required under the Arapahoe County Building Code, unless such work is authorized under the scope or limits of the type of License for which the Building Contractor has been licensed under this Resolution.
- 4. Types of Licenses:
 - a. CLASS "A" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, tenant finish or repair of any type or size of structure permitted by the International Building Code or the International Residential Code.
 - b. CLASS "B" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, or repair of multi-family (3 or more units) structures as permitted by the International Building Code or the International Residential Code.
 - c. CLASS "C" Building Contractor. This License shall entitle the holder to contract for the construction, alteration, or repair of single-family homes, townhomes (up to three floors), duplexes, basement finishes and remodeling as permitted by the International Building Code or the International Residential Code.
 - d. CLASS "D" Building Contractor. This License shall entitle the holder to contract for the construction, alteration and repair of: wood framing (detached garages, carports, exterior

decks, patio covers, gazebos, pergolas), demolition, painting and drywall, concrete, masonry, roofing/siding, pools/spas, demolition, excavation, sign installation, residential elevator installation, and mobile home installation.

- e. CLASS "A" Mechanical Contractor. This License shall entitle the holder to perform any work in the heating, ventilation and air-conditioning trades in both residential and non-residential buildings
 - f. CLASS "B" Mechanical Contractor. This License shall entitle the holder to perform any work in the heating, ventilation and air-conditioning trades in residential buildings and that does not involve mechanical refrigerating systems and equipment.
 - g. Fire Alarm Systems Contractor. This License shall entitle the holder to perform fire alarm and suppression systems installation.
5. Unless exempted under this Resolution, prior to engaging in the business of a Building Contractor or performing any of the types of Contractor services described in this Resolution in the unincorporated territory of Arapahoe County, all persons must apply for and obtain an appropriate License for that type of Building Contractor. Such application shall be made to the Arapahoe County Building Official.
6. Upon receipt of an application for a License, the Building Official shall review such application to determine whether the applicant meets the qualifications required by this Resolution and, if so, shall issue the License forthwith. If the Building Official determines that additional time is needed to review the application, the Official shall issue a provisional License within seven (7) days of filing the application and shall make a final determination on the application either approving or denying the application within forty-five (45) days of the date the application was filed. The applicant may perform the appropriate Building Contractor services under the provisional License until such time as a non-provisional License is issued or denied. If the building Official fails to issue or deny the non-provisional License within this forty-five (45) day period, the Contractor may continue in the business until the end of the calendar year at which time, the Contractor must apply for a License and shall not operate without a provisional or final License having been issued for that calendar year. However, no provisional License shall be issued unless the applicant provides proof of the insurance coverage required under this Resolution.
7. Licenses shall be required annually and each license issued will expire at the end of the day on December 31st of the year in which it was issued. No building permits may be obtained, nor may work already under permit be continued, until the Contractor obtains a new License for that year.

Qualifications for Contractor's License

8. In order to qualify for a Contractor's License under this Resolution, a person shall meet the following experience and certification qualifications as appropriate for the class of License sought:
 - a. Class "A" and Class "B" Building Contractors shall be required to furnish proof of ICC Building Contractor CLASS "A" or "B" certifications or equivalent certification by a recognized state or national certification entity.
 - b. Class "C" Building Contractors shall be required to furnish proof of ICC Building Contractor CLASS "C" certification or equivalent certification by a recognized state or national certification entity.
 - c. Class "D" Building Contractors shall be required to furnish proof of any required ICC certification for the respective trade or equivalent certification by a recognized state or national certification entity and shall be required to furnish proof of at least one (1) year experience in the respective trade.
 - d. Mechanical Systems Contractors shall be required to furnish proof of ICC Building Contractor CLASS "A" or CLASS "B" certification or equivalent certification by a recognized state or national certification entity or similar licensing by a state or local governmental entity in Colorado or another state in the United States.
 - e. Fire Alarm Systems Contractor shall furnish proof of at least one (1) year of experience in the fire alarm systems installation trade or proof of an active NICET Level II fire alarm certificate.
9. At the time of application for a License, all Building Contractors required to be licensed under this Resolution shall provide proof of liability insurance coverage and workers' compensation insurance (if required under State law for the Contractor) coverage for the Contractor and shall maintain such coverages through the term of the Contractor's License and any renewals. Such liability insurance coverage shall meet following minimum standards:
 - a. The liability insurance policy shall insure the Contractor against liability for damages arising out of the negligent acts, errors, and omissions of the Contractor, the Contractors' partners, members, and employees in the performance of the Contractor's business.
 - b. The liability policy shall provide coverage in the minimum amounts of \$2,000,000 (single occurrence) coverage for all Contractors holding a type A or B certification and in the minimum amounts of \$1,000,000 (single occurrence) coverage for all other Contractors required to obtain a License under this Resolution.
 - c. The workers' compensation policy, if required under state law for the Contractor, shall meet the minimum coverage amounts required under State law. If the Contractor is not required

under state law to maintain workers' compensation insurance as a sole proprietor with no employees, the Contractor must complete a waiver of workers' compensation insurance form as part of the Contractor's License application.

- d. All Building Contractor's policies of liability insurance coverage shall name Arapahoe County as an additional insured.
10. Provided that the respective insurance and certification and/or experience requirements are met, the Building Official shall recognize similar licensing by another local governmental entity in Colorado or another state in the United States as evidence of qualification for a License under this Resolution.

Exemptions

- 11. The licensing requirements of this Resolution do not apply to any individual desiring to perform repair or maintenance work on his or her own property; nor shall they prohibit a person from employing an individual who is not licensed under this Resolution, on either a full or part-time basis, to perform repair or maintenance work on his or her own property.
- 12. Electrical Contractors required to be licensed under Article 23 of Title 12 of the Colorado Revised Statutes and Plumbing Contractors, required to be licensed under Article 58 of Title 12 of the Colorado Revised Statute are not required to obtain a License under this Resolution.
- 13. Any individual whose sole function is to perform labor under the supervision or direction of a Building Contractor, Licensed under this Resolution, is not required to obtain a separate License for purposes of performing labor under the direction of the Building Contractor.

Suspension or Revocation of a License

14. The Board of Review is authorized to revoke or suspend any license for the following reasons:
- a. Failure to maintain required insurance coverage through the full term of the License.
 - b. Having made any false or misleading statement or submitted any false or misleading documentation in making application for the License.
 - c. Failure to comply with any lawful order of the Building Official or any other authorized representative of the Building Division pertaining to the administration of the Building Code, including, but not limited to, the failure to observe any stop work order or correction notice.
 - d. Using a Contractor's License to obtain a permit required under this Resolution for any other person.
 - e. Failure to obtain a proper building permit for any work for which a permit is required.
 - f. The knowing violation of any of the requirements or prohibitions stated in this Resolution.

15. Prior to any proposed suspension or revocation of a License, the Building Official shall provide written notice to the Building Contractor stating the grounds for such proposed suspension or revocation. Such notice shall specify a time and date for a hearing before Board of Review at which hearing the Building Contractor shall appear to show cause why his or her License should not be suspended or revoked. At such hearing, the Building Official shall present evidence to the Board of the grounds for such proposed suspension or revocation and the Contractor shall have the right to present evidence to rebut or refute the Building Official and to conduct reasonable cross-examination of the Building Official or any witnesses. At the conclusion of such hearing, as warranted by the evidence presented, the Board may revoke or suspend the License as it determines appropriate or dismiss the proceedings and reinstate the License.
16. A License may be suspended for a period of up to thirty (30) days. If a Building Contractor's License is suspended, the Contractor shall not perform any contracting services for which a License is required under this Resolution in unincorporated Arapahoe County for the duration of the period of suspension. If a License is suspended for failure to maintain required insurance coverage such License shall remain suspended and may not be reinstated until the Contractor provides proof that he or she has obtained or re-instated the required insurance coverage.
17. If a License is revoked, the Building Contractor shall not perform any contracting services in unincorporated Arapahoe County for the remainder of that calendar year and must then apply for reinstatement and obtain a new License prior to performing any Contractor services in the unincorporated Arapahoe County for the next and subsequent calendar years.
18. During the period from the date of the Building Officials' written notice to the Building Contractor to show cause to the date of the hearing before the Board of Review, no building permits will be issued to the Contractor or his or her representatives. If the Board of Review suspends or revokes a License, no building permits will be issued to the Contractor or his or her representatives for the duration of the suspension or until a revoked License has been reinstated.

Fees

19. The Board hereby authorizes the Building Division to charge a fee for the issuance and renewal of Contractor Licenses to cover the cost of operating this Contractor Licensing Program. The fees for an annual License shall be as follows:
 - a. Class "A" and "B" Building Contractor: \$300.
 - b. Class "C" Building Contractor: \$175.
 - c. Class "D" Building Contractor: Roofing systems: \$75.
 - d. Class "A" and "B" Mechanical Systems Contractor: \$150.
 - e. Fire Alarm Systems Contractor: \$125.
20. The above fees are established in the amounts determined to be to reasonably necessary cover the County's expenses in operating and maintaining this Contractor Licensing program.

However, the Arapahoe County Building Official is hereby directed to evaluate the fees established under this Resolution at least every two (2) years, and shall then report and recommend to the Board on whether the amount of the fees should be modified in order to reasonably cover the costs to the program.

Miscellaneous

21. Unless a person is exempted from the Licensing requirement under this Resolution, building permits for work within unincorporated Arapahoe County will be only be issued to Building Contractors who are licensed under this Resolution or their authorized representatives.
22. The failure to comply with the requirements of this Resolution may be enforced through legal proceedings in a court of competent jurisdiction for injunctive relief to enjoin any violation.
23. This Resolution establishing a Contractor Licensing Program is an emergency measure for the protection of the public health, safety, and welfare.
24. The Contractor Licensing program established under this Resolution shall take effect February 1, 2018, after which date no Building Contractor, required to obtain a License hereunder, shall perform any contract services for which a building permit is required under the Arapahoe County Building Code, in unincorporated Arapahoe County, unless they have first obtained an appropriate License from the County.

The vote was:

Commissioner Baker, ____; Commissioner Conti, ____; Commissioner Holen, ____; Commissioner Jackson, ____; Commissioner Sharpe, ____.

The Chair declared the motion carried and so ordered.